



# SUSTAINABLE PROCUREMENT BREAKFAST

MARCH 2018

**COLLIN MATTHEWS**  
REGIONAL MANAGER QLD & NT

*Powered by People®*



# WHO WE ARE TODAY



- Operating across Australia, New Zealand and South East Asia, John Holland is a fully integrated infrastructure, building, property and rail group.
- More than 3,000 employees
- Completed over 2,500 projects

**We are committed to making our cities and regions the most liveable in the world**

# OUR SERVICE OFFERING

## INFRASTRUCTURE



West Gate Tunnel, Melbourne

- Roads, Bridges and Structures
- Tunnelling
- Intermodal Transport Networks
- Utilities incl. Water & Wastewater, Power Generation and Transmission
- Industrial & Resources
- Ports & Marine
- Renewables, Agribusiness & Coal Seam Gas

## BUILDING



Mercedes-Benz Auto Haus facility, Brisbane

- Airports
- Arts & Culture
- Commercial
- Retail
- Industrial
- Defence
- Education & Research
- Health & Aged Care
- Justice & Corrections
- Residential
- Tourism & Leisure

## RAIL



Sydney Metro, New South Wales

- Heavy & Light Rail Construction
- Railway Maintenance
- Train Operations
- Signalling, Communication & Control Systems
- Overhead Wiring & Traction Control
- System Engineering
- Rolling Stock
- Rail Training

## DEVELOPMENT & INVESTMENTS



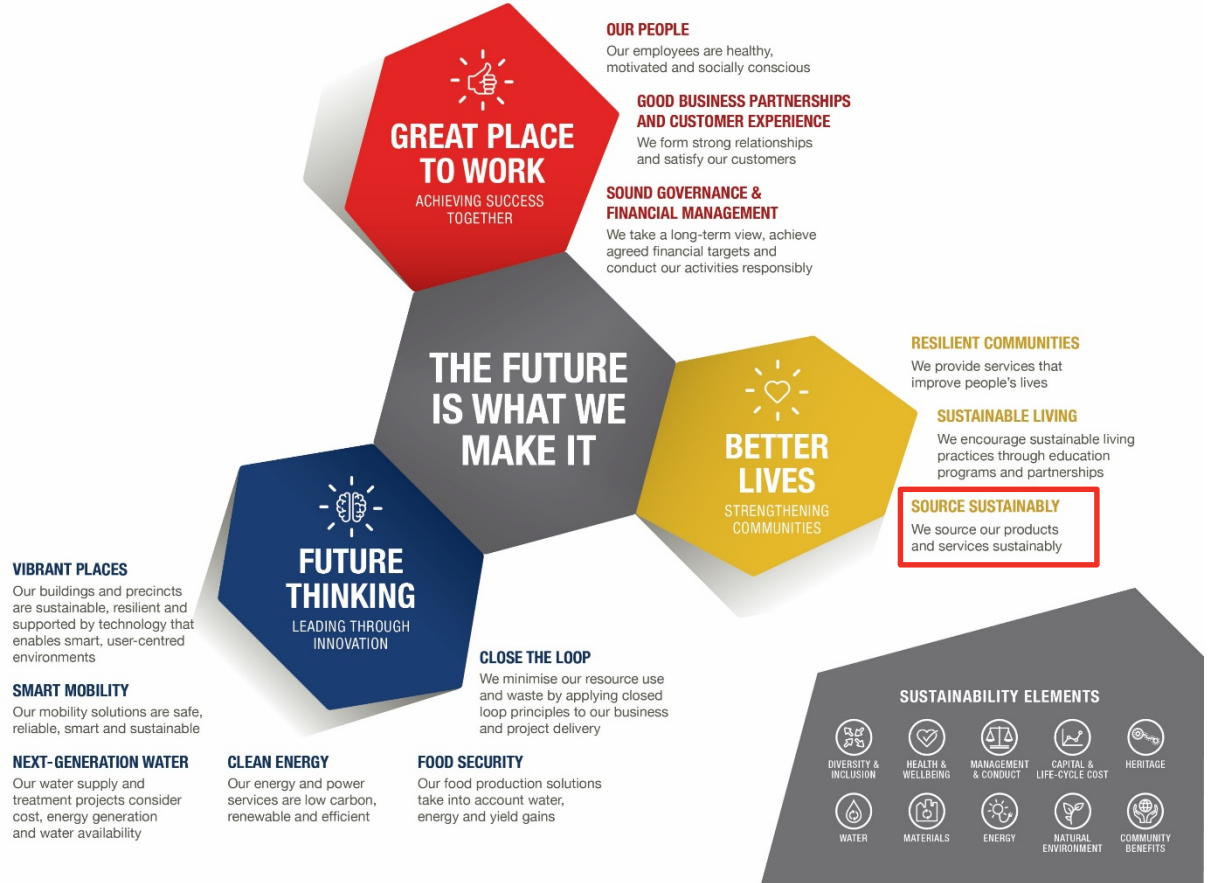
Macquarie Park Precinct, Sydney

- PPP Projects
- SPV Management
- Project Equity & Investment
- Property Development
- Property Management Services
- Mergers & Acquisitions
- Concessions
  - › Rail Networks
  - › Toll Roads
  - › Freight Handling



# OUR PATHWAY TO 2025 & BEYOND

Through the scale of our spend we believe we can achieve social outcomes, reduce our environmental impact and build resilient supply chains





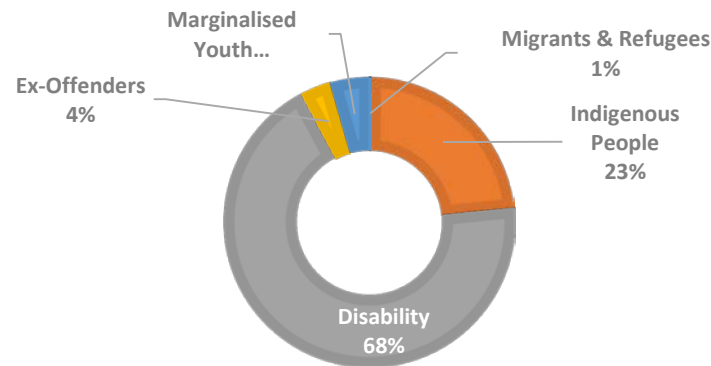
# SUSTAINABLE PROCUREMENT



# SOCIAL ENTERPRISES

2017 spend on employment, services & goods with businesses certified by Social Traders (ST) : \$509,369

## ST REGISTERED ENTERPRISES – EMPLOYMENT



### Melbourne Tunnel Project, VIC - Refugee Talent



Engaged refugees with a range of qualifications:

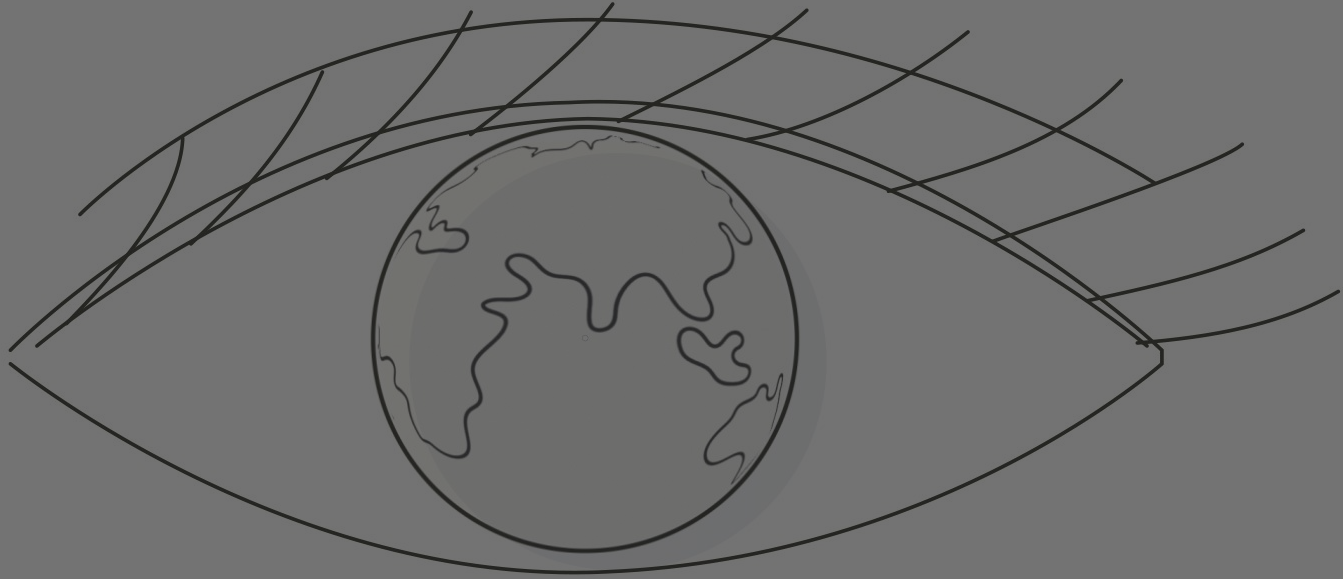
- civil, electrical, mechanical and architectural engineering,
- commerce,
- computer programming and
- human resources

### North Link WA - Work Power



Supports the employment of people with disabilities. The contract is approx. \$300k and includes:

- supply and installation of 375,000 native seedlings
- weed control
- salvaging and translocation of grass trees
- direct seed broadcasting
- erosion control supply and installation
- complete landscaping and revegetation maintenance throughout the defects period



**THE FUTURE IS WHAT WE MAKE IT**

VISIT OUR [WEBSITE](#) TO LEARN MORE



# Queensland Government

Assistant Director-General and Chief Advisor, Queensland Government Procurement

**KIMBERLEY DRIPPS**





Director-Action Sustainability Asia Pacific

**JEAN-LOUIS HAIE**



# ISO 20400: 2017 Sustainable Procurement – Guidance

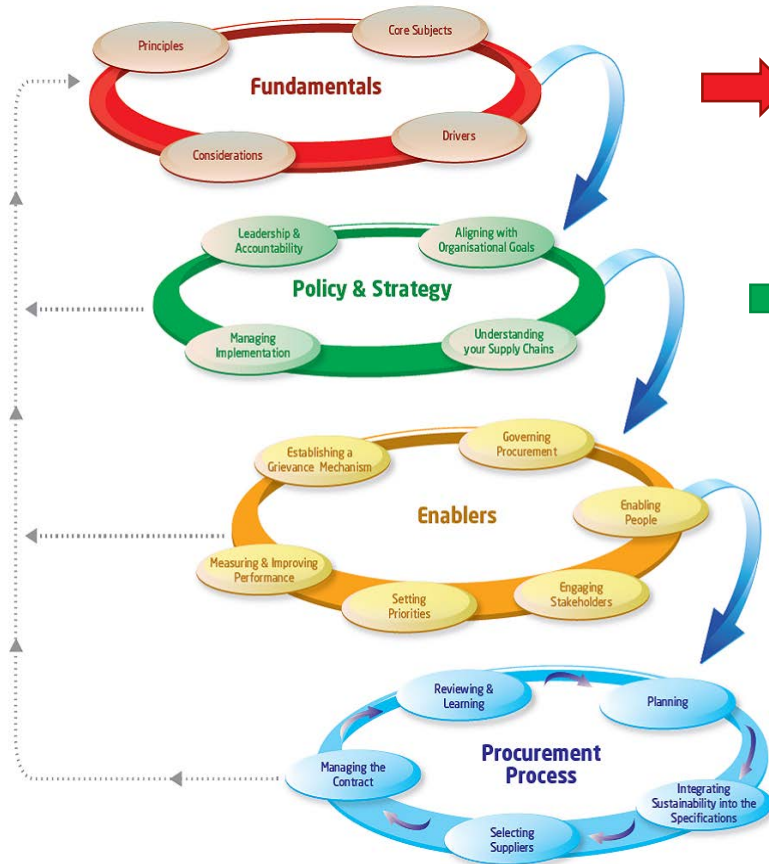
# Sustainable procurement

*'Procurement  
that has the most positive  
**environmental**, **social** &  
**economic** impacts possible  
over the entire life cycle'*

*Clause 3.38 - ISO 20400*



# ISO 20400 content overview



- Do you address sustainability in a holistic way?
- Do you exercise due diligence in your supply chain?
- Do you understand your business drivers?

- Do you focus your efforts on top priorities?
- Do you have a strategy with SMART targets?
- Do you have clear accountabilities on SP?

- Do you enable and motivate people to work on SP?
- Do you actively engage your supply chain on SP?
- Do you monitor your progress and improve?

- Do you design tailored strategies to address specific sustainability issues for major projects / contracts?
- Do you encourage suppliers to be the best in this field, from selection to contract management?

## Why do organisations use ISO 20400...



Aligning the new IS rating tool to international best practice



Moving towards leadership in a lean and efficient way



Maintaining the company's leadership in the Asia Pacific region



Increasing the influence and impact of sustainability throughout the project lifecycle



Avoiding creating a sustainable procurement framework from scratch!



Publicly showing our stakeholders our commitment to sustainable supply chains

*Attending our events...*





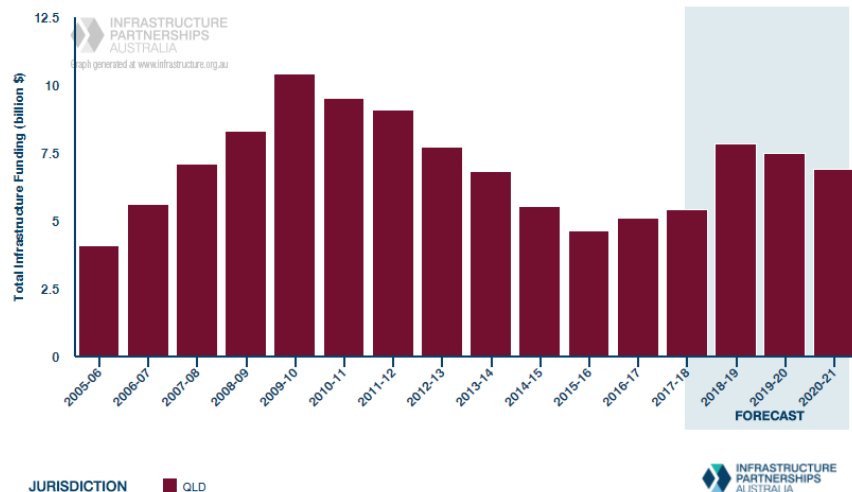
CEO, ISCA

**ANTONY SPRIGG**



# Infrastructure investment in Qld

## COMMITTED GOVERNMENT INFRASTRUCTURE FUNDING, BY JURISDICTION



## GOVERNMENT INFRASTRUCTURE FUNDING SHARE OF EXPENDITURE



\$22b

99%



\$22b



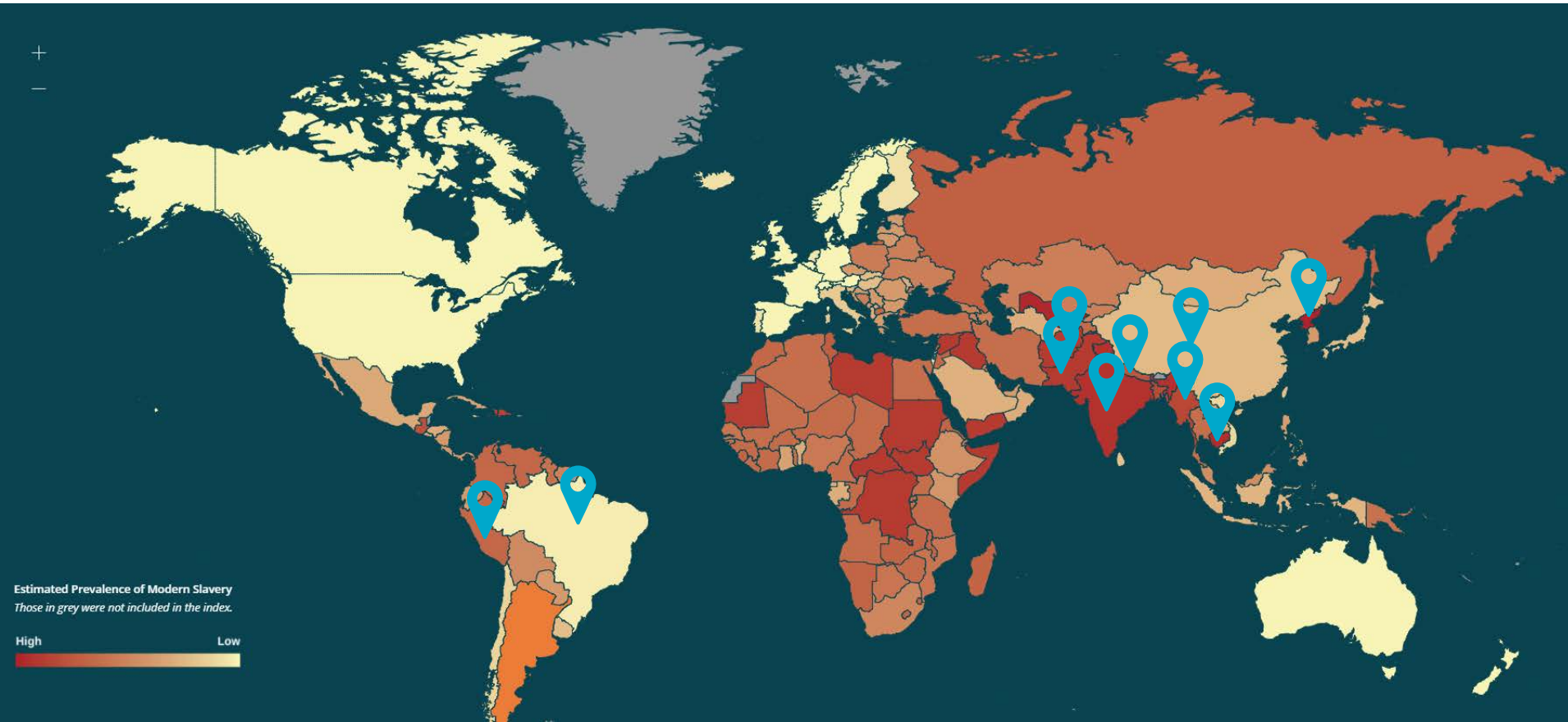
60-80%



\$13-18b



## Infrastructure import product from modern slavery hot spots





# Northern Connector Project - SA

## EMPLOYMENT

ON AVERAGE

**480**

**FULL-TIME EQUIVALENT  
JOBS EACH YEAR DURING  
CONSTRUCTION**

AT LEAST

**90%**

**OF ALL ON-SITE LABOUR  
HOURS BY  
SOUTH AUSTRALIANS**

AT LEAST

**50%**

**OF ALL JOBS FILLED BY  
NORTHERN SUBURBS  
WORKERS**

ALL JOBS ON THE NORTHERN CONNECTOR  
PROJECT WILL BE AVAILABLE THROUGH NORTHHUB

[www.NorthHub.sa.gov.au](http://www.NorthHub.sa.gov.au)



**NorthHub**  
Northern Connector Project  
Employment and Training Connections



Principal Advisor, Tonkin + Taylor, ISCA Board Member

**MONIQUE CORNISH**







## IS v2.0

### Governance

Context

Leadership

Sustainable  
Procurement

Resilience

Innovation

### Economic

Business Case

Benefits  
Realisation

### Environment

Energy & Carbon

Green  
Infrastructure

Environmental  
Impacts

Resources

Water

Ecology

### Social

Stakeholder  
engagement

Legacy

Heritage

Workforce  
Sustainability

General update

Major updates

New categories

# Approach

*Seeking the 'right' mix of leading practice and accessibility*

- ✓ *Aligned to leading practice*
- ✓ *Informed by current performance*
- ✓ *Structured to match procurement cycle*
- ✓ *Applicable across the project lifecycle*
- ✓ *Applicable to small projects*



## Credit reward structure



Level 1

Understand



Level 2

Actively  
manage



Level 3

Positive  
outcomes

## Credit summaries



### **SPR 1: Risk and opportunity assessment and procurement strategy**

To reward the development of a tailored project/asset procurement strategy that both enables the achievement of the project/asset's sustainability objectives and manages the material sustainability risks and opportunities in the supply chain.



### **SPR 2: Supplier assessment and selection**

To reward the assessment and selection of suppliers, goods and/or services that both contribute to achieving the project/asset's sustainability objectives and manage the material sustainability risks and opportunities in the supply chain.



### **SPR 3: Contract and supplier management**

To reward the management of suppliers throughout the project to ensure compliance with the agreed sustainability requirements.

## Ensure your impact

- ***Focus on what's most important:*** undertake a robust materiality assessment to underpin subsequent decision-making and actions. Sustainability impacts that are rated as material or 'high' must be included in the procurement strategy.
- ***Beyond tier 1:*** include supply chain sustainability risks and opportunities as well as leveraging procurement to deliver on project sustainability goals
- ***Communicate:*** send clear market signals that sustainability is part of supplier selection and continue to engage with key suppliers over the life of the contract (and keep a record)
- ***Leverage procurement practice:*** consider how sustainability requirements change with strategic, tactical, and transactional supplier relationships
- ***Integrate:*** sustainability KPIs must be integrated into contract management processes (i.e. not separate processes)



CEO, Supply Chain Sustainability School

**ROBIN MELLON**





## Four questions:



1. How many people have sustainability targets?
2. What percentage of annual spend goes to supply chains?
3. How many people have good supplier relationships?
4. Do your supply chains have strong sustainability skills?



## Broadening of 'sustainability':

- Environmental
  - Energy, water, materials, waste etc.
- Economic
  - Resilience, risk, future-focus, whole-of-life
- Social
  - Health and wellbeing
  - Social value
  - Modern Slavery
  - 'Visible' supply chains





***Are you aware of Modern Slavery in your supply chain?***

Identify and raise awareness. Anticipate the high likelihood that there will be instances of Modern Slavery at some point in your supply chain. Build teams within your organisation to create an understanding of Modern Slavery risks. Communicate with your suppliers to identify risks of Modern Slavery in their work.

Conduct internal investigations, or engage external auditors to identify or confirm cases of Modern Slavery across your supplier base.



***Are you taking, or will you take, measures to reduce prevalence of Modern Slavery in your supply chain?***

Engage your supply chain. Revise and/or develop due diligence procedures including procurement, contracting and recruitment. Revise and/or develop policies and procedures to maintain oversight and control over the supply chain, including corrective action plans. Identify and develop strategies and activities that your company can implement in partnership with your suppliers to encourage appropriate labour practices.



***Can you provide stakeholders with reliable insights into the Modern Slavery footprint of your goods and services?***

Report and support continuous improvement. Develop targets and quantifiable metrics to monitor the effectiveness of your policies and practices. Revise and/or develop data collection systems to ensure reliable information. Understand the information needs of your stakeholders and shape your reporting to provide a transparent and relevant story.



- Launched in UK 2012
- Same simple business model
- Launched in Australia 2015
- 16 Partner organisations\*
- EY hosting the School
- 1,250+ members\*
- 750+ unique companies\*
- Ten core sustainability themes
- 320+ learning resources\*
- Complements what exists

\* figures as at early March 2018





Search

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Home > My account > Self Assessment Action Plan > Details

## My account

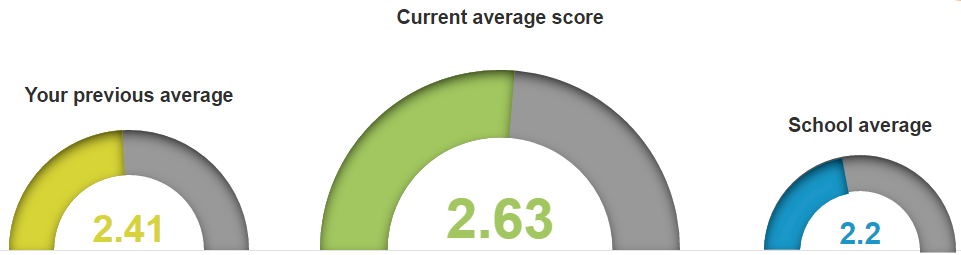
Hi **Robin**, welcome to Better Sydney's account area.

- My account
- Edit my profile
- Add colleague
- Update categories
- My action plans
- My progress
- My bookings
- Levels of recognition
- Log out

### My current progress

Track your progress

➔



### Re-assess & update

You can re-assess at any time and access an updated action plan. Re-assessing and working through your new action plan will support your journey of continuous improvement in sustainability, and, if you wish, give you a great opportunity to illustrate your progress to your clients.

Undertake a reassessment

➔

### My Latest Action Plan

- View
- ➔
- Download PDF
- ➔

#### Top 3 actions to be taken

- Environmental management in Australia
- Assistance with Environmental...
- Local Government NSW: Sustainable...

View My Action Plans

➔



Over the next 12 months . . .

- Focus on risk management
- Broadening 'sustainability'
- The Modern Slavery Act
- Growing use of ISO20400
- Improving procurement
- Focus on building products
- Filling the knowledge gaps
- Continuous improvement
- For clients, teams, suppliers
- Remaining FREE . . .
- [www.supplychainschool.org.au](http://www.supplychainschool.org.au)



# Social Traders

Mark Daniels  
Executive Director



# What is social procurement?

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When buyers use their purchasing power to achieve social outcomes beyond the products and services they require, they are undertaking social procurement.



# A social enterprise is an organisation that

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- Is driven by public or community benefit, be it social, environmental, cultural or economic
- Derives most of their income from trade
- Uses the majority of their profits to work towards their social mission
- There are approximately **20,000** social enterprises in Australia who operate in every industry and represent over **3%** of the economy

# Our new service offering

## BUYER MEMBERSHIP



### ST certified

- Access to the list of ST certified suppliers
- Opportunity for category-based introductions
- Networking events



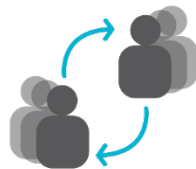
### Leadership Network

- Opportunity to host events
- Access to buyer network meetings to share best practice with ST and other social procurement leaders



### Impact Reports

- Tailored reporting on how your spend has benefited a beneficiary group
- Opportunity to produce social procurement based content



### Staff Engagement

- Access to social procurement training
- Opportunity for internal presentations, workshops and impact stories

Building a connected community

Social Traders' role is to work as the broker between our buyer and supplier members and match them on the basis of need and suitability.

## SUPPLIER CERTIFICATION



### Recognition

- Use of ST certification logo
- Portal access (May 2018)
- Event invitations



### Business Growth

- Leads, deals and strategy advice
- Access to tailored growth services



### Community Access

- Access to supplier networks via ST's procurement portal
- Event invitations



### Win Contracts

- Exposure to buyer members
- Inclusion in supplier directory and relevant lists to buyers



# Social Procurement Growth

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- All Major projects in Vic (now valued at over \$40 billion)
  - 3% of supply chain IB and/or SE
  - 2.5% indigenous workforce
  - 10% apprenticeships/traineeships/internships
- Federal Indigenous Procurement Policy
  - 3% of supply chain IB
- Every state govt are now setting job targets on infrastructure projects for specific disadvantaged cohorts.
  - Most have IB supply chain targets
  - Some have SE targets but this will grow
- ISCA sustainability tool identifies SE and IB as key planks in delivering social sustainability

# Challenges and opportunities

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1. BAU does not include social impact (at the moment)
  - Changing the way that the organisation defines value
  - Staff engagement
  - Setting targets and KPIs
  - Working with intermediaries – you are good at some things and we are good at enabling social procurement
  - Seeing social procurement as an opportunity for competitive advantage
2. Asymmetry in the market place
  - Challenge social enterprises operating in related fields
  - Tier 2 and 3 Joint ventures
  - Working with intermediaries – you are good at some things and we are good at other things
  - Building SE capacity through contracting

# Q&A PANEL SESSION

