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**Danish Council for
Sustainable Business Development**

Guide to sustainable procurement

Working paper

The document may be quoted with clear reference to the source and with reference to the fact that the document is a working paper.

The document will be subject to testing among DCSBD members in 2010. Based on the experience gained during this test, the document will be updated and published in a consolidated version in the course of 2011.

The document can be downloaded from www.rbenet.dk in Danish and English.

Comments and suggestions for changes are welcome, please send an email to pk@prebenk.dk

0. Preface

The Danish Council for Sustainable Business Development (DCSBD)¹ is a group of mainly Danish and Scandinavian companies and trade organisations that work to increase the understanding and knowledge of sustainable development² in society and to create marketing and sales-related advantages for companies that work actively to achieve sustainable development.

The purpose of this Guide to sustainable procurement is to inspire companies to implement requirements regarding environmental and social considerations in their primary and secondary procurement activities on a par with considerations shown to price, function, delivery time, etc. DCSBD considers such considerations to be a natural element of a company's CSR activities³.

Since 1995, state institutions and companies have been subject to a circular letter regarding the implementation of environmental considerations in respect of procurement⁴. A cooperation agreement has been concluded with the Danish Minister for the Environment regarding a similar initiative for the Danish local authorities. One of the main reasons for the efforts made in the public sector has been a wish to create a market for environmental – now sustainable – products and services. This guide is based on the experience gained from the public effort and is intended to provide a helping hand to companies that wish to contribute to create such a market.

Together, public and private companies make up a significant part of the market for so-called secondary procurement, i.e. procurement of products that are not used as raw materials in production. A joint effort regarding environmental, social and ethical considerations in procurement activities can have a decisive influence on the market in terms of sustainability, helping to make it attractive for companies to offer sustainable solutions. Thus, Danish companies can create a home market for sustainable solutions for themselves and gain experience within this area – experience that companies with an international focus can subsequently use on the international market.

This edition of the guide will be published in an electronic version only, in Danish and English, on DCSBD's website (www.RBEnet.dk). During 2010/2011, the DCSBD member companies will test the guide and identify a number of (secondary) procurement areas for this purpose. Based on the experience gained, the guide will be revised in 2011 and a final version published.

This guide has been prepared by a working group under the auspices of the Danish Council for Sustainable Business Development (DCSBD) during the period March 2008 – May 2010 in cooperation with National Procurement Ltd. - Denmark.

The Danish Council for Sustainable Business Development calls on the business sector to incorporate consideration regarding sustainability in its sourcing activities – preferably based on the following five overall objectives:

1. Consideration regarding sustainability should be an important dimension of procurement on a par with quality and price and should be based on the individual company's CSR policy;
2. Consideration regarding sustainability in procurement should be based on a strategic analysis and subsequent decision on the efforts to be made in the company – a decision that will be followed up by the allocation of sufficient resources;
3. Suppliers are primarily required to make a commitment to sustainable development based on a set of concrete, value-based minimum requirements;
4. The requirements regarding environmental and social considerations should be gradually increased as the suppliers are able to meet the requirements made. The

- company will thereby indirectly contribute to making environmental and social considerations a competitive parameter in the market; and
5. The company's procurement should be based on the same principles irrespective of the use of the sourced products (primary/secondary procurement).

1. Objective

The past five years have seen a significant increase in stakeholders' demands to the efforts made by companies within the area of sustainable development – or the social responsibility of companies (Corporate Social Responsibility, CSR) – and this development is expected to continue in the years to come, not least as a result of the requirements made on companies in respect of climate considerations.

The UN's 10 principles under Global Compact (GC)⁵ regarding sustainable development have spread rapidly at an international level and will, in a few years, be a precondition for international companies to gain market access – whether they accede to the principles or not.

In Denmark, the government formulated a CSR action plan in 2008⁶. As a result of this action plan, large, listed companies are now required to report on CSR. These requirements are based on the Global Compact and have been made a basis for the requirements formulated by the Danish Agency for Governmental Management regarding the procurement of goods and services⁷ by public institutions.

It is expected that, within a few years, the responsible conduct of companies within this area will be a precondition for their access to the qualified Danish and international markets.

DCSBD member companies are required to comply with DCSBD's charter dated March 2008⁸, and to ensure that sustainability in the company is given priority at management level (principle 1), to work to ensure that suppliers evolve in terms of sustainability (principle 10) and to encourage the incorporation of sustainable development principles in the value chains in which the company operates (principle 11).

This guide presupposes that the company has formulated a policy and an action plan for implementation of CSR considerations in its business procedures, also in relation to the supply chain – or is currently in the process of doing so.

On this basis, the objective of this guide is to make suggestions for how to incorporate environmental and social aspects in the requirements that the companies make on their suppliers, in addition to the requirements that are usually made as regards price, quality, function, etc.

The guide takes as its starting point the practice currently used by companies which have gradually extended their environmental and social considerations in their business operations over the course of a few years – partly in response to customer and stakeholder expectations, and partly based on the company's wish to contribute to sustainable development using the resources available to the company.

DCSBD regards the terms "sustainable development" and "CSR" as synonyms. Sustainable development/CSR is a process whereby the company gradually reduces its environmental and social impact, requiring it to continuously set new targets for its own efforts, and consequently also set new targets for its suppliers. Seen in this context, this guide deals with the requirements that the company can make on its suppliers.

2. Target group

This guide is intended to be an inspiration to companies in their decision-making processes regarding the type of environmental and social considerations to incorporate in their contractual basis with suppliers – decisions that must be based on the companies' culture/set of values and the sector and market in which they operate.

The primary target group of this guide is therefore companies' decision-makers as regards aspects to include in the company's direct and indirect procurement activities. The guide aims to provide suggestions for how CSR considerations can be incorporated in the procurement process, making it serviceable for both "beginners" and for companies which have been working within this area for several years.

An attempt has been made to keep the guide at a general, strategic level. Instructions on how to incorporate environmental and social aspects specifically in the concrete procurement activities can be found in a number of public guides⁹ and in documentation regarding Codes of Conduct, but will not be explained in detail in this guide. However, the guide incorporates a number of examples of concrete requirements for inspiration.

A web-based catalogue giving examples of specific product-related requirements will be attached to this guide. The catalogue is expected to be gradually and regularly updated (www.rbenet.dk).

3. Guide framework

As a basis for this guide, a questionnaire survey was conducted among DCSBD members. A summary of the survey results is given in Appendix 1. This survey, as well as experience gathered from public authorities' inclusion of, in particular, environmental considerations in their sourcing activities, have been important in the preparation of this guide.

Three general aspects have materialised from the questionnaire survey:

- The companies often make requirements regarding their suppliers' CSR behaviour and, to a lesser degree, on the environmental performance of products. The opposite applies to purchasing agents in the public sector.
- The companies are interested in concluding long-term cooperation agreements with their suppliers – the public sector primarily operates with detailed contracts regarding concrete services based on EU public procurement directives.
- The companies primarily focus on the primary procurement activities – although the procedures for sourcing to some extent cover both primary and secondary procurement activities.

It is important to include experience gained in the public sector. The public sector has been working to incorporate environmental considerations into procurement activities for many years (cf. Appendix 1). The obstacles that have been seen in this respect are probably very similar to the obstacles that will be seen when implementing environmental (and social) considerations into the private sector's professional procurement activities. In addition, the public sector mainly demands services which private companies would characterise as secondary procurement – an area in which the corporate sector has not as yet been very active in terms of CSR considerations.

Although it is important to include experience gained from the efforts of the public sector, the most obvious solutions for the corporate sector may not necessarily be the same as those that have produced good results in the public sector. The starting point should be the experience of

companies as regards concluding long-term cooperation agreements with suppliers. These cooperation agreements should be extended to include consideration of CSR aspects as well.

This guide focuses on environmental and social conditions, which the company may incorporate into the requirements it makes on its suppliers – and into the requirements that the services provided (goods and services) are expected to meet, including methods for the gradual implementation of the requirements.

This guide does not concern tools that the company can use to ensure compliance with the requirements made; neither does it describe how to structure audits at the suppliers’ premises. For information on these aspects, please refer to DCSBD’s guide to responsible supplier management¹⁰.

3.1 Type of requirements made by companies

Today, companies primarily focus on relatively general requirements to suppliers’ behaviour as regards the environment (emissions to water and air, climate aspects, waste management, etc.) and social aspects (child labour, human rights, working environment, etc.). In addition, more specific requirements are made in certain cases on the goods and services that are being sourced, i.e. product content of hazardous chemical substances, packaging, product energy consumption, etc.

So far, the public sector has focused mainly on specific environmental requirements for products and services. The reason for this is partly that there has been a political wish to use the public sector’s procurement activities to further the market for “cleaner products”, and partly that the EU’s public procurement directive¹¹ limits the possibility of making requirements on the supplier that are not directly related to “the delivery”. Over the past 10 years, the Danish Environmental Protection Agency has prepared a large number of guides regarding environmental requirements within specific product areas⁹. With the new action plan for companies’ social responsibility (2008), more general requirements have now been made to the suppliers’ social and ethical behaviour via the framework agreements prepared by the Danish Agency for Governmental Management. The Danish Agency for Governmental Management has prepared a Code of Conduct based on the UN Global Compact (Appendix 1A “The company’s responsibility”), which suppliers must observe⁷.

Below is a summary of the distinct differences that exist between public institutions and private companies:

Table 1: Differences in the focus of public institutions and private companies on environmental and social considerations in their sourcing activities

	<i>The general behaviour of the supplier and supply chain is primarily based on the UN Global Compact. Mainly social aspects, yet also to a certain degree environmental aspects.</i>	<i>The inherent characteristics of products and services based on a cradle-to-grave or life cycle approach¹². Almost only environmental and health considerations.</i>
<i>Private companies</i>	Major focus based on the public’s interest in the ethical behaviour of the company towards supply chains in developing countries.	Relatively little focus – primarily in relation to raw material quality
<i>Public companies and institutions</i>	Little focus – however, currently increasing based on the government’s action plan for social responsibility.	Major focus based on green procurement policy from 1995 (and similar in other EU countries).

The company combines requirements to the supplier with requirements to the service provided in a number of different contexts. It is an important precondition for the company's production that reliability of supply is high, with trust in the supplier's capability, coupled with a guarantee for the quality of the purchased product. Now the procurement process also needs to include relatively unquantifiable social and environmental qualities.

3.2 Primary and secondary procurement

In general, companies define their procurement activities as primary (direct) and secondary (indirect) procurement. The difference between these two types of sourcing activities is illustrated by means of examples as shown below:

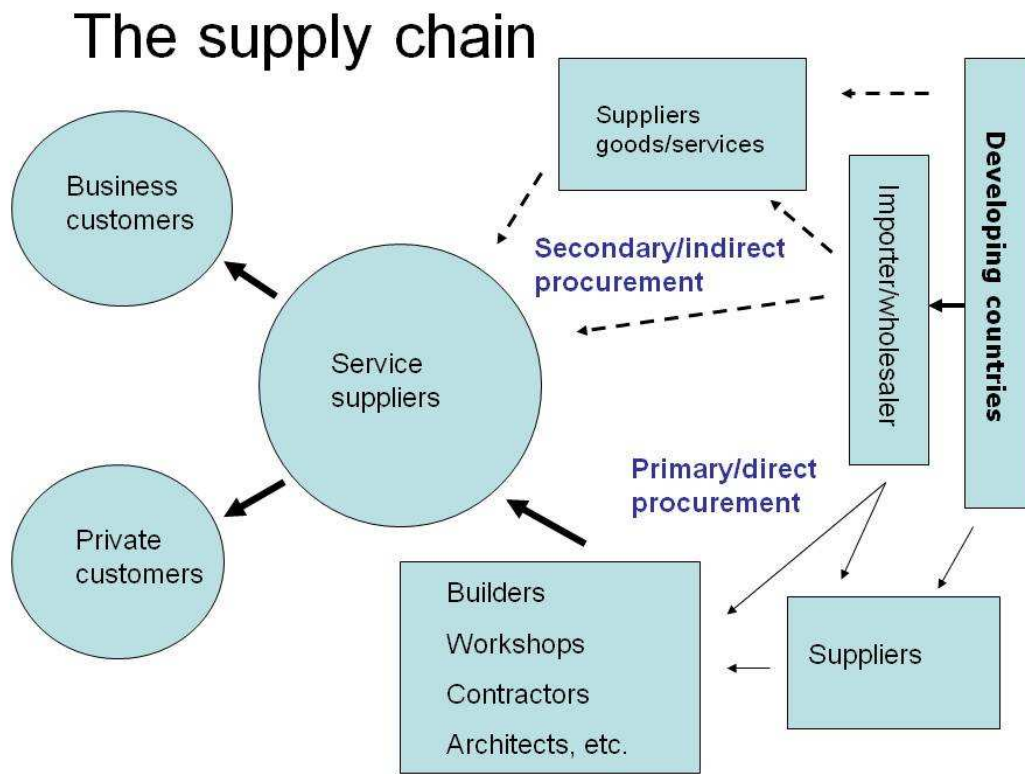
Table 2: Division into primary and secondary procurement activities. Examples divided according to company type.

	Primary procurement <i>- a direct part of the company's production and thus essential to the company's deliveries</i>	Secondary procurement <i>- necessary for the general operation of the company</i>
Goods-producing companies	Raw materials, sub-components, chemicals, production equipment, energy, process water.	Office supplies, furniture, cleaning, work clothes, maintenance of buildings and outdoor areas, energy.
Service-producing companies	<u>Cleaning services:</u> Cleaning agents and materials.	Office furniture and supplies, cleaning, toiletries, work clothes, maintenance of buildings and outdoor areas, catering services.
	<u>Hotel-keeping:</u> Beds, household linen, cleaning, toiletries, indoor maintenance of buildings, restaurant food, etc.	
	<u>Insurance company</u> Damage repair.	
Trade/retail companies	Goods for resale. Own brands. Marketing material, advertisements, cooling equipment.	Office furniture and supplies, shop furnishings, cleaning, maintenance of buildings and outdoor areas, catering services, energy.

Grundfos defines its direct procurement as all materials on a product parts list. Indirect procurement thus includes everything that is not included in the parts list (investments, materials, services, etc.).

Figure 1 illustrates the connection between secondary and primary procurement for a service supplier (in this case insurance services).

Figure 1: Primary and secondary procurement of service supplier



Naturally, the company's main focus is on primary procurement, as this is a precondition for the company's production, earnings and, ultimately, the company's survival. Therefore, environmental and social considerations have been most important for the primary procurement activities.

In a number of companies, primary and secondary procurement activities are subject to the same internal guidelines, and both types of procurement are often placed in the same department. In theory, there are no organisational barriers for these companies attaching more weight to indirect procurement in terms of CSR considerations.

Yet, although the sourcing procedures may in principle be similar, certain practical aspects mean that secondary procurement activities are handled differently and are given lower priority:

- Often, some of the secondary procurement is made according to tradition. For example, IT equipment is often only purchased by the company's IT experts, and it can be difficult to ensure that "soft" considerations are made to environmental and social aspects.
- As regards budget, secondary procurement may be distributed between a number of departments based on the notion that the purchase is made by those who need it. Only major items, such as the maintenance of buildings, new furniture and similar are most often conducted through – or in cooperation with – a purchase department/purchase expert.
- Secondary procurement is an operating expense and is not always as closely related to the specific qualities of the product as is the case with direct procurement. Therefore, secondary procurement is not generally given the same focus and priority as primary procurement and is not subject to the same amount of control.

- Secondary procurement is considered a relatively small, yet necessary, expense. A brief analysis shows, however, that for many companies, secondary procurement activities are significant in terms of economic value.

Companies in which primary and secondary procurement activities are not organised in the same unit probably experience even greater obstacles to including “soft” aspects such as environmental and social aspects in their secondary procurement activities – and these obstacles probably correspond to the implementation of environmental considerations in the public sector’s procurement activities, i.e. based on considerations to price and tradition.

Originally, focus on companies’ social responsibility was based on the companies’ closure of intermediary production facilities in Denmark followed by the purchase of similar services in developing countries – or a shift from a Danish supplier to a supplier in a developing country (trade/retail companies). The current focus of companies on CSR in relation to the supply chain is therefore primarily targeted on procurement activities in developing countries.

Secondary procurement most often takes place via a wholesaler or service supplier in Denmark, and these activities have (not yet) attracted the same amount of public interest. However, much of the secondary procurement originates from the same countries as the company’s primary procurement, e.g. work clothes, spare parts for company cars, furniture, chemicals in detergents and cleaning agents, etc.

The public sector’s focus on environmental consideration in procurement activities is primarily based on a political wish to influence the market to engage in less environmentally damaging production, consumption and disposal of goods and services. The public sector’s procurement activities mainly take place within the category the corporate sector would call secondary procurement. There is increasing political recognition – in Denmark and in the EU – of the fact that the private sector’s secondary procurement activities should include environmental (and social) considerations based on the same motives as in the public sector, namely to contribute to the creation of a market that is gradually evolving towards sustainability.

In addition to being a natural part of the company’s social responsibility, the company could experience a number of advantages by increasing its focus on its secondary procurement activities:

- Savings may be made from the more cost-effective management of procurement activities;
- Influence employees to sustainable behaviour by “walking the talk” or “learning by doing”;
- Contribute to giving CSR responsible suppliers, both regionally and locally, a marketing advantage;
- Strengthen the company’s image in the local community, thereby improving the chance of attracting and retaining qualified employees, and
- Possibility for profiling the company in relation to the company’s stakeholders.

Companies therefore have good reason to focus on their secondary procurement activities according to the same principles as the primary procurement activities – albeit for slightly different reasons.

3.3 Guide structure

This guide aims to combine the two relatively complementary approaches – general requirements to the supplier’s CSR behaviour or business operations and specific requirements to the supplied products/services – covering both primary and secondary procurement activities.

The supplier's business operations

Covers the requirements that are normally included in the company's Code of Conduct for suppliers – i.e. general aspects in relation to international CSR aspects such as child labour, human rights, the company's overall environmental activities, etc. Today, the requirements are often minimum requirements that must be met in order for cooperation between the company and the supplier to be established.

This guide is based on existing practices and suggests a further development towards agreements with the supplier regarding a gradual development process based on concrete requirements and with the company's Supplier Code of Conduct as a provisional target.

Products and services supplied

Covers requirements that are directly related to the product or service supplied. The framework for the requirements made has primarily been defined on the basis of the main environmental and health aspects that can be associated with the product from a cradle-to-grave (life cycle) perspective. These requirements are often made as a set of minimum quality requirements to the service supplied.

This guide calls on the companies to identify a set of relatively simple minimum requirements selected on the basis of the numerous guides prepared for purchasing agents in the public sector. The guide also suggests that in cases where these minimum requirements cannot be met immediately, they may be considered an initial benchmark for the supplier's services.

Social requirements are associated with the company's behaviour and are not specifically related to the individual product or service. It is difficult to imagine a production facility using one particular set of social and ethical rules of conduct for one part of the production facility and another set for other parts.

General requirements to the delivery

At the end of this guide, a number of examples are given as to how requirements regarding the supplier and the products/services can be combined in a general requirement regarding the "delivery".

4. Requirements to the supplier's corporate behaviour (Supplier Code of Conduct)

Today, the companies' Code of Conduct within CSR is primarily based on – or identical to – the UN Global Compact.

There is currently a trend for companies to use the formulations in the UN Global Compact more or less unchanged and send the Global Compact on to their suppliers and ask them to comply with its principles. Even resourceful companies find it difficult to be specific about these principles and fully comply with them themselves – and, for small, under-resourced suppliers in particular, it is nigh on impossible to comply with them. It should therefore be acknowledged that sustainable development is a common journey for companies and their suppliers in both developing and industrialised countries.

The UN Global Compact cannot, therefore, be fully implemented within a short period of time. A company's own Code of Conduct should on the one hand set a number of general targets and on the other identify the steps that are necessary in order to meet these targets, openly signalling that this is an ongoing process, not a final condition.

In its Supplier Code of Conduct, the company should also set out its minimum requirements and a work process which the supplier undertakes to observe.

Below, a number of suggestions have been made regarding a procedure that is more detailed than current practice, divided according to:

- The elements of a Supplier Code of Conduct
- Minimum requirements to the supplier
- Specific Code of Conduct principles

4.1 Elements of the company’s Supplier Code of Conduct

Based on an analysis of the most important guides and standards (Appendix 3), a suggestion is made for the following hierarchy of principles which, in full or in part, should be considered to form part of the company’s Code of Conduct – and thereby also be included in full or in part in the company’s Supplier Code of Conduct (Table 3).

The list is primarily based on the UN Global Compact and the standard proposal, which was prepared in 2009 by a working group under the Danish Standards (DS 26001)¹³. The latter is based on ISO 26000 and an analysis of key international guides about Codes of Conduct, including the DCSBD’s Charter for Sustainable Business Development. The BSCI (Business Social Compliance Initiative)¹⁴, which specifically targets the trade sector, is also included.

Some of the principles may be particularly relevant to social responsibility from a Danish perspective, namely “diversity and integration” (A3), “employee involvement” (B1e) and “openness” (D5). “Requirements to suppliers regarding social responsibility” (D4) has been included as a special principle in order to point out that suppliers also need to bind their sub-suppliers.

Once the company has prepared its own Code of Conduct, it can be expected to prepare more specific objectives for each individual principle as well as a step-by-step action plan for how and when the targets must be met.

For companies which have been engaged in environmental management for a number of years, it would be natural to formulate principles for how and when revisions should be made of the Code of Conduct for the purpose of expanding the existing targets and identifying new ones. This way, the company’s Code of Conduct will form a dynamic framework for the company’s ongoing CSR activities.

The company should also be expected to set up more concrete targets and formulate a plan for how the suppliers should meet the targets – and that the Supplier Code of Conduct is gradually revised concurrently with the company’s own Code of Conduct.

Table 3: Elements that should form part of the company’s Code of Conduct

Structure that could be considered for the company’s own Code of Conduct, and thus also the company’s Supplier Code of Conduct	Source (cf. Appendix 3)
A. Human rights <ol style="list-style-type: none"> 1. Respect civil and political rights 2. No violation of exposed groups 3. Diversity and integration 	UN, DS UN, DS DCSBD
B. Employee rights <ol style="list-style-type: none"> 1. Working conditions <ol style="list-style-type: none"> a. Freedom of association b. Conditions of employment 	UN, DS, BSCI DS, BSCI

<ul style="list-style-type: none"> c. Working conditions and social protection d. Working environment e. Employee involvement 	UN, DS, BSCI DS, BSCI DCSBD
<ul style="list-style-type: none"> 2. Forced labour 3. Child labour 	UN, DS, BSCI UN, DS, BSCI
C. Environment <ul style="list-style-type: none"> 1. Prudence/prevention 2. Environmentally-friendly technologies 3. Sustainable resource utilisation 4. Climate 5. Nature protection 6. Animal welfare 	UN, DS UN, DS DS DS, DCSBD DS DS
D. Business ethics <ul style="list-style-type: none"> 1. Anti-corruption, including bribery, money laundering 2. Responsible social behaviour 3. Fair competition/marketing 4. Requirements to suppliers regarding social responsibility 5. Openness 	UN, DS DS, DCSBD DS, DCSBD DCSBD DCSBD

UN: UN Global Compact; DS: Danish Standards's standard proposal 26001; BSCI: Business Social Compliance Initiative Code of Conduct; DCSBD: DCSBD's Charter for Sustainable Business Development

4.2 Preconditions for cooperation with suppliers – setting minimum requirements

The company should set up an overall framework as a precondition for concluding a long-term supplier agreement – for example defined at the following three levels:

- A requirement for the supplier – possibly following a short implementation period – to comply with the company's non-negotiable minimum requirements for cooperation;
- A requirement for the supplier to work determinedly to comply with the company's Supplier Code of Conduct according to a specific action plan as decided with the company and adapted to the supplier's culture, resources and qualifications, and
- A requirement for the supplier to accept continuous development of the Supplier Code of Conduct concurrently with the development of the company's own Code of Conduct.

The hierarchy is illustrated in Table 4 and Figure 2 below.

The minimum requirements should apply to all the company's suppliers, and both primary and secondary procurement activities.

The above-mentioned "non-negotiable" requirements should be defined on the basis of the company's own ethical guidelines and describe the conduct that the supplier is required to demonstrate. If the company's suppliers fail to meet this level, it will pose a risk to the company's brand and overall reputation in the market. Examples of possible minimum requirements are given in Table 4 below, and concrete examples from companies are set out in Box 1.

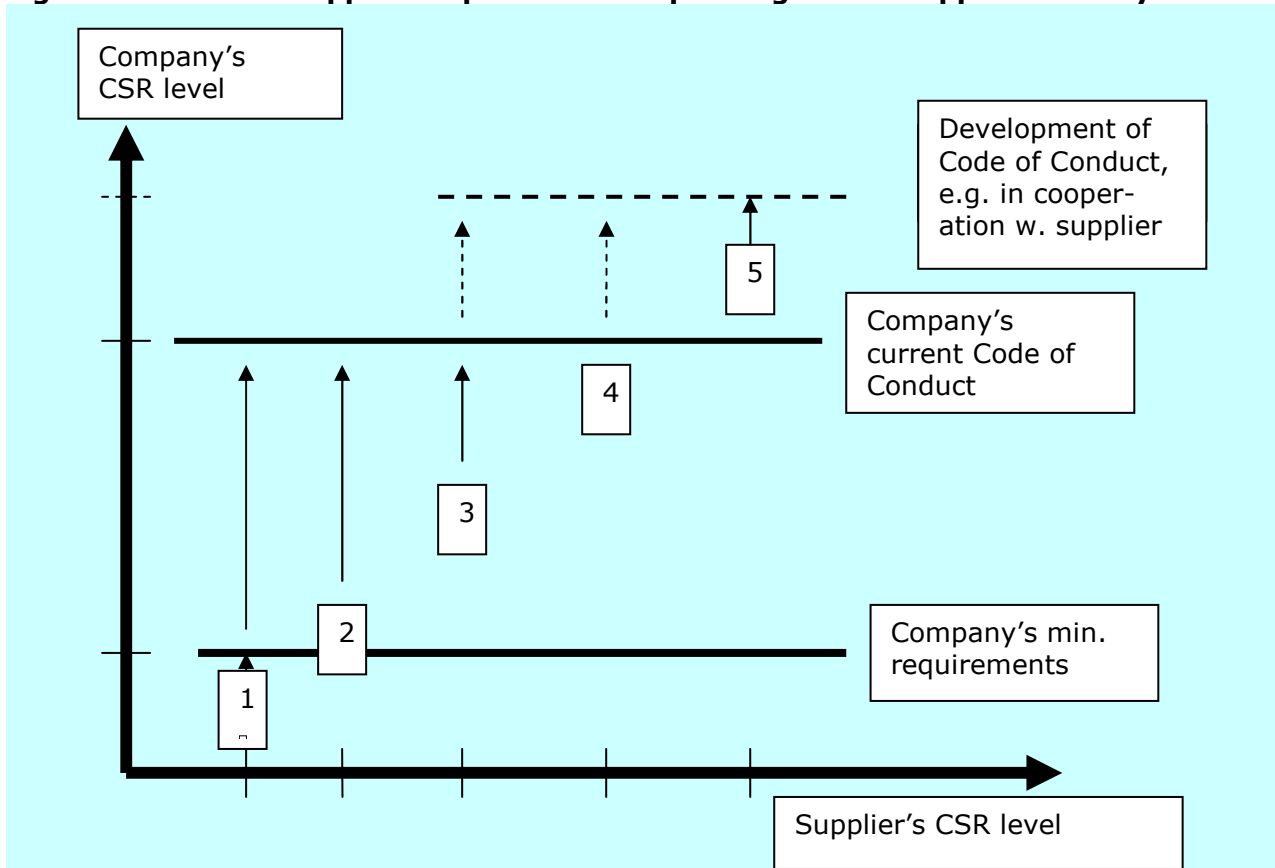
If the supplier fails to meet the company's non-negotiable requirements, the consequence should in principle be termination of the contract. If, at the time of entering into the contract, the supplier is unable to document compliance with all minimum requirements as regards specific areas, it could be possible, depending on the importance of the supplier to the company, to specify a relatively short period of time for implementation of these requirements (level 1 in Figure 2). If the supplier fails to meet the company's minimum requirements and an

alternative supplier can be found, the company will probably choose not to initiate cooperation with the “candidate”:

Table 4: Examples of supplier minimum requirements

Requirement type	Supplier’s obligations	Possible consequences
<p>Concrete minimum requirements</p> <p>A deadline for compliance with the requirements may be agreed</p>	<ul style="list-style-type: none"> • Compliance with national legislation. • No forced labour. • No corruption. • No discrimination. • Working environment that offers general protection against the risk of <u>acute</u> health hazards. • No impact that causes <u>acute damage</u> to the local environment. 	<p>Cancellation of supplier contract and possible claim for monetary compensation.</p>
<p>Requirement for development that will lead to compliance with the company’s Code of Conduct</p>	<p>Obligation – possibly in cooperation with the customer, if needed – to implement gradual improvements in relation to human rights, employee rights, environmental conditions and business ethics – within areas with the greatest potential for improvement in relation to the company’s CSR profile.</p>	<p>If the development or will to develop is unsatisfactory, the company should choose not to renew the supplier contract.</p>
<p>Requirement for development: Gradual tightening of requirements as the customer’s Code of Conduct is revised</p>	<p>Periodically, e.g. every two years, to receive a revised Supplier Code of Conduct and reach an agreement on how to implement the revised Code of Conduct.</p>	<p>As above.</p>

Figure 2: Levels of supplier requirements depending on the supplier's ability



Box 1: Examples of minimum requirements as a precondition for cooperation

Danfoss has developed its own Code of Conduct based on the UN Global Compact. In addition, Danfoss uses a supplier risk profile based on the supplier's production site. Suppliers from high-risk and medium-risk countries must as a minimum sign Danfoss' Code of Conduct. Suppliers from low-risk countries must as a minimum sign Danfoss' Code of Conduct or make a commitment to comply with the following general requirements:

- Comply with current legislation and rules
- Respect the 10 principles of the UN Global Compact
- Observe the supplier's own internal policy on social responsibility (as approved by Danfoss)

Finally, all suppliers must correct any deviations that have been identified within the agreed deadlines. In addition, Danfoss uses a blacklist of materials which must not be used in the products that Danfoss purchases or in the supplier's manufacturing process.

Grundfos also has a Supplier Code of Conduct based on the UN Global Compact. Grundfos has prepared a procedure for direct and indirect procurement, where differentiated requirements are used to evaluate the individual supplier. All suppliers are recorded in a global supplier database and classified according to individual evaluations.

Approval of potential suppliers is based on the supplier's ability to meet Grundfos' basic requirements, and the evaluation must be made at the supplier's address:

Direct procurement:

Financial situation, CSR (Corporate Social Responsibility), quality management and environmental management system, infrastructure and production setup (improvements, production layout, housekeeping), supply chain capabilities (production capacity, management of suppliers, traceability), technical capabilities (maintenance system, production capability), measurement capabilities (measurements and tests).

Indirect procurement:

Financial situation, quality management and environmental management system, infrastructure and production setup (improvements, production layout, housekeeping), supply chain capabilities (production capacity, management of suppliers, traceability), technical capabilities (maintenance system, production capability).

Novozymes has defined a set of minimum requirements that cover all aspects that are significant in order to perform an initial evaluation of suppliers – divided into commercial aspects (price, reliability of supply, etc.) quality (product specification, willingness to accept audits etc.) and sustainability (environmental aspects, health and safety, social aspects and business ethics). Novozymes checks all existing and new suppliers depending on the risk represented by the individual supplier. The objective is to avoid suppliers that are unable to meet the minimum requirements or to prepare concrete plans in order to ensure that current suppliers are able to meet the requirements.

Nordea is implementing a new tool to handle procurement projects. Suppliers (both new and existing ones) are required to create a supplier profile in Nordea's IT-based supplier database. They must provide different types of financial information and accept our CSR principles. If they are unable to accept certain principles, the reason given will be evaluated and a decision will be made as to whether the reason is acceptable or whether an action plan should be initiated. This tool addresses a wide range of suppliers. The product level will be handled via RFP.

National Procurement Ltd.

All suppliers who sign a framework agreement with National Procurement Ltd. undertake to comply with the 10 principles of the UN Global Compact. Suppliers who use sub-suppliers in order to fulfil the framework agreement undertake to make the same requirements to their sub-suppliers.

In each individual situation, National Procurement Ltd. decides whether companies that have been appointed as suppliers for the individual framework agreement need to report their CSR activities to National Procurement Ltd. This requirement covers suppliers under the framework agreement for construction products and the agreement for catering centre equipment.

National Procurement Ltd. has set up a procedure for these suppliers, and the suppliers are invited to participate in a number of seminars and dialogue meetings about how to comply with the new requirements for documentation on social responsibility. The seminars also give the suppliers knowledge about social responsibility and the tools and methods that can be used to make continuous improvements within this area.

The experience gained in this pilot project will form the basis for National Procurement Ltd.'s future activities as regards social responsibility.

Obligation for gradual compliance with Supplier Code of Conduct

Danish companies whose production activities cause pollution have, for quite some time, been required by law to account for their efforts in relation to a gradual increase in the use of cleaner technologies. Over the past 15 years, small and medium-sized companies have also been encouraged to implement environmental management principles, i.e. an obligation to gradually improve their behaviour as regards environmental and working environment aspects. Therefore, Danish suppliers should be expected to have an understanding of and the ability to meet a requirement for gradual improvement without any problem.

As regards suppliers in developing countries, the requirement for development will often be combined with an offer for cooperation regarding, as a minimum, the definition of development stages and deadlines for such development. Suppliers in developing countries are probably at all stages of development as illustrated in Figure 2. Some suppliers in developing countries may be at a higher level in their CSR activities than required by the company's Supplier Code of Conduct (type 5 in the figure), possibly as a result of cooperation with other customers who have well-developed CSR levels.

The CSR efforts of Danish companies/suppliers probably lie somewhere between supplier levels 2 and 5, cf. Figure 2, depending on the company's set of values, resources and qualifications. As a result, Danish suppliers may, just like suppliers from developing countries, need to cooperate with the company in order to prepare an action plan and time schedule for compliance with the company's Code of Conduct.

Preparation and implementation of an action plan requires the following steps to be performed:

- a) Establish an overview of the current impact or problems in relation to compliance with the Supplier Code of Conduct;
- b) Make decisions regarding annual focus areas and targets;
- c) Prepare and implement an action plan;
- d) Report the year's results and next year's targets, and
- e) Make it possible for the company to perform an audit regarding the supplier's progress.

As regards Danish suppliers, it is not unusual for the supplier to maintain a certified environmental management system and working environment management system based on the implementation of the above steps. Suppliers with a certified environment management system (ISO 14001¹⁵ or EMAS¹⁶), work seriously to reduce their impact on the environment. The supplier may be required to be certified or to work towards certification based on a "safe" action plan. The company's (customer's) auditing efforts will be significantly reduced if the supplier uses third party certification of its environmental management system.

Danish suppliers may have incorporated working environment considerations into their environmental management system. If this is not the case, the supplier should be encouraged to do so – or to prepare an independent working environment policy and action plan based on a concrete workplace assessment.

Companies that already use an environmental management system will probably find it relatively easy to implement routines for implementation, monitoring and reporting of Code of Conduct principles regarding areas other than environment and working environment.

Suppliers in developing countries and small Danish companies (builders and similar) rarely use such management systems.

Suppliers in developing countries should as a minimum review their production in order to ensure compliance with reasonable working conditions and to prepare a plan for improvement

of the working environment based on a risk assessment and the company's financial latitude.

Many companies have a very large number of suppliers, which makes it impossible for them to engage in direct cooperation with all of them as described above. Novozymes has approx. 12,000 suppliers, while Danfoss has approx. 4,000 suppliers for primary services and approx. 35,000 suppliers for secondary services. Therefore, it may be expedient for a company to target its efforts in those areas where the effect is deemed to be greatest, based on a risk model, and to divide the suppliers into segments according to their CSR stage, resources and abilities.

The supplier should accept that the company will perform audits without prior notice to ensure compliance with the purchase agreement. The auditing process will be more demanding if the company uses a principle of gradual improvement: the auditor needs to check both whether agreed targets have been met and whether new targets are sufficiently ambitious in relation to the supplier's abilities and financial situation.

If the supplier demonstrates the willingness and ability to make gradual improvements, auditing will often take the form of cooperation meetings where the company advises the supplier on ways to implement the requirements that have been made.

It is easier to audit precisely formulated minimum requirements without requirements for gradual improvement, and it is easier to leave the auditing process to external auditors.

Obligation to comply with future, revised Supplier Codes of Conduct

Sustainable development is a process whereby the company gradually reduces its environmental and social impact. As a result, the company's Code of Conduct will be subject to revision – often at set intervals – as the targets are met and the need arises to adjust focus further to social developments.

The company's Supplier Code of Conduct will be also adjusted as a natural part of this revision process. The company should make this clear to the supplier and, at the earliest possible stage, inform the supplier about future changes to the Code of Conduct, allowing the supplier to implement the changes.

Lower thresholds

Lower thresholds may be set, below which these principles should not be applied.

A requirement for the gradual development of the supplier's CSR efforts is not relevant in situations where long-term cooperation is not entered into with the supplier (one-off purchases, etc.), neither is it relevant in situations where the purchase is insignificant in relation to the supplier's size. In such situations, the requirements should primarily concern the product.

If the company becomes aware of significant deviations from the company's basic values at such suppliers, the company should consider using another supplier or, at the very least, inform the supplier that his behaviour is not considered acceptable.

A few examples are given below regarding companies' lower thresholds for procurement according to centrally fixed guidelines (Box 2.)

Box 2: Examples of rules that require procurement agreements to follow centrally fixed guidelines

Arla makes it a priority to work with global suppliers with purchasing volumes of more than DKK 100,000.

Danfoss has not set a minimum amount that requires the Code of Conduct to be signed. Danfoss does, however, acknowledge that it is a time-consuming process to contact all suppliers. A preliminary target has been set not to conclude new supplier agreements (new or renegotiations) without signing the Code of Conduct at the same time. In addition, Danfoss has set a long-term objective regarding systematic Code of Conduct audit of all suppliers above the threshold limits, which are as follows:

- € 100,000 for suppliers from low-risk countries
- € 10,000 for suppliers from medium-risk countries
- € 1,000 for suppliers from high-risk countries

Grundfos: Indirect procurement must be made on the basis of a purchase order. Procurement below DKK 10,000 without a purchase order is only accepted if approved in writing by a manager. The Purchasing Department's ordering systems currently include: ordering via SAP, via Quick Procurement or by sending an email to Easy-Buy.

Written purchase agreements concluded with an external third party must be made in cooperation with the Purchasing Department. All written agreements are subject to document management by the Purchasing Department, which also ensures/informs about the need for renegotiation before the agreement expires.

Follow-up activities regarding the supplier's compliance should be based on a detailed action plan according to which the risk of non-compliance is a leading principle for control. This comprehensive subject is not discussed in detail in this guide – reference is made to *DCSBD's guide to responsible supplier management*.

4.3 Requirements regarding specific Code of Conduct principles

The principles which the company decides to include in its Supplier Code of Conduct should be clarified, allowing the supplier to document compliance with the individual principles – or compliance with relevant sub-targets in a developmental framework – depending on the supplier's current stage, qualifications and abilities.

The last-mentioned step-by-step implementation strategy is used by Hartmann and Novozymes as regards environmental aspects by gradually upgrading new production sites and business partners.

Seen in the light of the guide's suggestion to set minimum requirements and require step-by-step development, the individual principles may be divided into a number of concrete sub-targets, ranging from "beginners" to full compliance with the principle in question, and on to more advanced sub-targets.

It is beyond the scope of this guide to provide examples on how to make all the principles mentioned (Table 3) concrete in relation to this division. Table 5 below shows an example regarding the “climate” principle (Table 3, c4). The individual step can be used as a requirement that must be met in the short term, depending on the supplier’s ability, and the next step as a future target. This way, the supplier gets an overview of expectations made as part of a long-term cooperation with the supplier.

For many small suppliers, the final target will be step 2, for example – an energy action plan which is revised annually. Builders and the like will probably never have the resources or knowledge to go any further. If the company needs a general overview of the supply chain’s Green House Gas (GHG) emission, in order, for example, to be able to calculate the CO₂ emission of the company’s products seen from a life cycle perspective (scopes 1-3)¹⁷, it will be necessary to prepare this overview in cooperation with the supplier. Here too, segmentation of the company’s suppliers can be used to prepare “generic” action plans comprising realistic sub-targets for various supplier segments.

Table 5: Climate (cf. Table 3, c4). Example of step-by-step supplier requirements and targets for future tightening of the requirements

Sub-target	Content	Company type
1. Overview and reduction of energy consumption	Establish an overview of the supplier’s energy consumption and energy sources used. Plan for immediate energy savings and implementation of the plan (low-hanging fruit).	Danish suppliers probably comply with this sub-target. Small companies in developing countries will probably need to start here.
2. Energy action plan	Prepare an energy action plan with concrete targets. Agreement on annual reporting of progress. Agreement on annual revisions of the action plan.	Relevant to many small, Danish suppliers and suppliers in developing countries.
3. GHG emission	Statement of GHG emission according to WBCSD, Carbon Trust or similar method (scopes 1 and 2). Annual reporting, e.g. based on selected energy key figures.	Resourceful suppliers.
4. GHG emission in the supply chain	Statement of GHG emission according to WBCSD, Carbon Trust or similar method (scopes 1 -3). Annual reporting.	Resourceful suppliers.
5. Carbon neutral production	Development plan.	None at present.

4.4. Supplier’s responsibility for his own supply chain

The company normally requires its suppliers to assume responsibility for compliance with the company’s Supplier Code of Conduct, also within the supplier’s own supply chain. Essentially, the requirements concern compliance with the entire UN Global Compact. The condition for concluding an agreement is that the supplier undertakes to do so by signing. The Danish Agency for Governmental Management now uses this practice too⁷.

The sanction for violation is often termination of the contract without prior notice, however there may also be a requirement to cover losses incurred by the customer. As a result, it is not without risk for a supplier to accept such comprehensive obligations.

The obligation may be considered fair if it is a precondition that the supplier prepares a similar agreement with his suppliers and so on – meaning that, in practice, the company is only responsible for its own production and is able to pass on any requirements to its suppliers in case of violation of the contract.

As regards supply chains in developing countries, it is unlikely that the supplier will be in a position to make similar requirements to his suppliers. If the company placing the order is aware of this, it borders on the unethical to require suppliers to assume responsibility that the supplier is evidently not in a position to meet.

Instead, the company could use some of the following procedures:

- As a minimum, the supplier should be required to pass on the company's Code of Conduct to his sub-suppliers without making any specific requirements regarding follow-up activities.
- Conclude a more detailed agreement about which basic requirements the supplier's supply chain is required to observe – requirements that the supplier is able to fulfil.
- In cooperation with the supplier, set principles for how to monitor the supplier's supply chain – for example by determining a risk-based monitoring practice for compliance with the Code of Conduct.
- In cooperation with the supplier, perform a risk assessment of the supplier's supply chain, and have more specific expectations of the supplier's behaviour based on this, for example by identifying which sub-suppliers the supplier needs to a) check, including content and frequency, and b) cooperate with for the purpose of improving the conditions within concrete areas, etc.

For further information, please refer to *DCSBD's guide to responsible supplier management*.

5. Requirements regarding products/services supplied

Concrete requirements regarding products and services^a should be considered complementary to the requirements that are made in the company's more general Supplier Code of Conduct. It must be possible to unambiguously relate the requirements made on the product. If this is not possible, the requirement should be included in the Supplier Code of Conduct. In practice, only requirements regarding environment and health can be attached to the concrete product, as social and ethical requirements are attached to the supplier's more general corporate behaviour.

As regards services, however, certain social aspects of procurement may be related to the purchased product rather than to the supplier. For example, the company may decide that the cleaning service is to be performed with specific consideration for the social aspects that lie beyond the supplier's usual practice.

Product-specific requirements are associated with raw materials, production process and aspects that are related to the use and disposal of the product, i.e. product life cycle from cradle to grave.

^aIn the following, "products" will be used synonymously for "products and services".

Since 1995, a political attempt has been made to include the environment as a competitive parameter on a par with price and quality, etc. The purpose is to reduce the environmental impact of products which are increasingly a result of the global value chains of international trade – and which therefore can no longer be adequately regulated by national legislation. The public sector therefore strives to set both minimum requirements and environmental requirements which, together with price, form part of the selection criteria in tenders, although environment is given a much lower weighting. Over the past few years, greater priority has been given to the public sector's efforts within this area – and most recently within the EU too¹¹.

Only about half of the companies that participated in the DCSBD's member survey (Appendix 1) make systematic environmental requirements on the products and services they purchase – and if so, only as minimum requirements. Environmental considerations are only occasionally included as a direct competitive parameter.

In general, more product-related environmental requirements are made in relation to primary procurement, e.g. regarding the absence of dangerous chemical substances in semi-manufactured articles (blacklists), than in relation to secondary procurement.

It seems obvious to increase focus on product-related requirements seen in relation to the company's CSR efforts, but also in an increased effort to reduce the emission of greenhouse gases¹⁷ in the future.

The public sector has used a relatively large amount of resources on preparing a large number of guides about concrete environmental requirements that are being made to products⁹. These tools are mainly based on the Nordic eco-label, the Swan, and the EU Flower label¹⁸ as well as on the energy label and criteria made by the Danish Energy Saving Trust²¹ (see Appendix 1).

It would be obvious for the companies to make use of this work and, initially, make relatively simple environmental requirements within specific product areas. These requirements could be incorporated as minimum requirements in specific tenders or included in connection with prequalification for major framework agreements.

Private companies are not covered by the EU public procurement directives and can thus – as opposed to public institutions – directly require relevant services to be covered by one of the internationally recognised eco-labels, e.g. the Flower and the Swan, that food is labelled to be organic, or that purchased wood is FSC-labelled¹⁹.

The companies can also – as opposed to the public sector – enter into long-term cooperation with the supplier and, as part of the cooperation, make an agreement that requires the supplier to gradually improve the product's environmental or health profile. Thus, the company could be able to reduce the extra costs that relatively ambitious environmental requirements would entail if the requirements were to be met immediately.

Appendix 4 contains examples of more or less simple requirements within a number of product areas and examples of development requirements that can be met gradually.

6. Overall requirements regarding the delivery

CSR characteristics of concrete products and services include the conditions under which the products have been produced (social, environmental and working environment conditions) and product characteristics in relation to use and disposal.

Human rights, employee conditions and other social aspects relate to business operations and not to the specific delivery from the company/production site (except services). It is unlikely that a supplier is able to observe human rights for parts of his production at a given production site and not others. It is a different matter as regards, for example, the use of raw materials, chemicals, etc. – aspects that are related to the use and disposal of the product. These aspects concern the concrete delivery, as the supplier is able to make certain decisions for one product and other decisions for other parts of the production.

DCSBD has prepared a guide to considerations to be included in relation to sustainability when developing and purchasing products and services (draft 2010)²⁰. The guide operates on the basis of six overall principles. Table 6 provides examples on how these six principles can be interpreted in relation to procurement.

Table 6: Example of how to use the DCSBD's Guide to sustainable products as a basis for making requirements on the supplier

DCSBD's principles for sustainable products	Examples of handling in relation to procurement
The product is a good choice in relation to health and environmental aspects as it meets requirements that are stricter than required by law.	Requirements of the product <ul style="list-style-type: none"> Concrete criteria from relevant officially recognised labelling schemes (environment, ecology, sustainable forest, etc.). Requirement for absence of chemical substances that are characterised as being particularly hazardous (REACH²¹).
The product is marketed with relevant, reliable and transparent product information, including information about how to use the product in a sustainable manner.	Requirements of the product <ul style="list-style-type: none"> Documentation for the product information exists. A guide has been made on how to use the product considerably in relation to sustainability.
The product has better environmental properties than most similar products, for example as regards energy efficiency and resource application.	Requirements of the product <ul style="list-style-type: none"> In the best energy class, if relevant. Meets the Danish Electricity Saving Trust's directions²². Documented low resource application. Sustainable wood, if relevant.
The product has been produced under decent production and working conditions.	Requirements regarding corporate behaviour <ul style="list-style-type: none"> Relevant requirements in relation to Code of Conduct (section 4.1).
The product has, as far as possible, been produced under conditions that provide for sustainable development of the local community, including consideration for climate, environment, living conditions, health, etc.	Requirements regarding corporate behaviour <ul style="list-style-type: none"> Relevant requirements in relation to Code of Conduct (section 4.1).
A high degree of service forms part of all the product's life stages	Requirements of the product <ul style="list-style-type: none"> Instructions exist on how to repair the product, if relevant. Information exists on product maintenance.

Table 7 below shows examples of product-specific requirements and requirements regarding the supplier's corporate behaviour. Examples of development requirements have been

included, i.e. requirements that should be met within a specified deadline (years). It is only relevant to make such requirements in case of long-term cooperation with the supplier.

Table 7: Examples of requirements for concrete deliveries

Procurement	Specific product requirements	Concrete requirements of the supplier	Development requirements
Long-term contract, maintenance (painting) of buildings, Danish SMEs, builders.	Eco-labelled paint.	Use principles of environmental management.	Certified environmental management. Concrete climate targets.
Printed matter. Small supplier from developing country.	Use of recycled paper.	Overview of main problems in the working environment and impact on external environment. Action plan prepared.	Delivery of eco-labelled printed matter.
Hotel stays, European hotel group.	Eco-labelled hotel (the Swan, the Flower or the Green key ²³).	Environmental management. Energy action plan with concrete targets. Statement of GHG according to WBCSD (scopes 1 and 2) or similar. Annual reporting.	Concrete, low targets for greenhouse gasses. Achieving certified environmental management system (ISO or EMAS).
Office furniture, resourceful supplier from developing country (see Appendix 4).	Use of sustainable wood. Textile dyeing without use of chemical substances that are hazardous to health or the environment, surface treatment free from heavy metals.	Environmental management system. Working environment under control.	Certified environmental management system (after 3 years). Delivery of Swan-labelled furniture (after 5 years).
Example of delivery of sub-component to Danfoss.	No chemical substances from Danfoss' blacklist, neither in the product nor in the production process.	-	Structured development towards compliance in case the requirement is not fulfilled when signing the contract.

7. Implementation

Most companies have already set up a policy or procedures for requirements that are made on the suppliers. For “new players” within the area, an ideal action plan for the implementation of CSR considerations into the company’s procurement activities could include the steps mentioned below. These steps should not to be considered to be in any particular order from step 0 to step 7. It is possible to begin at whichever step that is relevant, and several steps can be handled simultaneously.

Table 8: Example of an implementation plan

STEP	Action	Activity
0	“Tidy up” in your own company.	<ul style="list-style-type: none"> • Get an overview of own environmental impact and social problems. • Harvest the low-hanging fruit. • Formulate a general policy for the area in cooperation with purchasing agents, production officers, environment officers and HR. • Set up a management steering group, focusing on managers from purchasing, environment and HR. • Allocate finances and staff resources, and organise supplementary training of purchasing agents, if necessary.
1	Formulate a general Code of Conduct and subsequently a Supplier Code of Conduct (cf. section 4.1).	<ul style="list-style-type: none"> • Code of Conduct to be based on company culture, sector and resources. • Based on this, prepare a Supplier Code of Conduct.
2	Company minimum requirements (cf. section 4.2).	<ul style="list-style-type: none"> • Determine minimum requirements on the suppliers based on the company’s set of values. • Determine principles for the suppliers’ development in relation to the Supplier Code of Conduct. • Set lower thresholds.
3	Clarify the individual Code of Conduct principles (cf. section 4.3).	<p>Clarification based on a strategic analysis of desired sustainability effort in procurement activities.</p> <ul style="list-style-type: none"> • What works in relation to sustainability? • Risk assessment – where are the weak links? • What do the stakeholders expect? • What is the leading edge within the sector? • What would strengthen our brand? • What can the suppliers live up to in the short and long term?
4	Choose concrete products/service areas (cf. section 5).	<ul style="list-style-type: none"> • Choose a few products/services to begin with, for example based on: <ul style="list-style-type: none"> ○ Significant potential for improvement. ○ Visibility. ○ Positive effect on brand. ○ Feasibility.
5	Set requirements regarding the products/services (cf. section 6 and Appendix 4).	<ul style="list-style-type: none"> • Set simple minimum requirements for the products’ environment/health profile. • Set development requirements.

6	Follow-up on the supplier's compliance.	See DCSBD's guide to responsible supplier management.
7	Follow up on experience gained and adjust the course.	

Appendix 1

Status of CSR considerations in public and private sector procurement

1. Public sector procurement – procedures, efforts and results

Public sector procurement is governed by the EU public procurement directives that apply to procurement at a value above approx. DKK 1 million for state contracts and approx. DKK 1.5 million for municipal contracts. The Danish Ministry of Finance has created an additional framework for procurement between DKK 1 million and DKK 100,000 – the framework follows the principles of the EU public procurement directive.

In short, the public procurement directive divides the procurement procedure into two phases:

- Selection phase based on criteria which are used to assess suitable tenderers for the tendered assignment – a kind of short-listing/prequalification for the concrete tender. Different types of selection criteria may be used. These are exclusion criteria regarding financial and technical strength. This phase could thus also include the supplier's technical strengths seen from an environmental point of view. Environmental technical strength could include technical competence in connection with minimising waste production. In case of tenders for service as well as building and construction, environmental management systems could be used to document the environmental technical strengths of the suppliers. It is not permitted to require observance of selection criteria that are not related to the contract that is to be performed.
- The award phase, which decides which of the suitable tenderer(s) is/are to win the contract. Only environmental considerations that are attached to the service/products offered may form part of the award criteria. In other words, it is difficult to incorporate requirements for social considerations in the award phase. The EU Commission recommends that social considerations be included as terms of the contract (thus applicable during the performance of the contract). It is not permitted to require the product/service to be eco-labelled; however, it is permitted to require the product to meet the underlying criteria.

For further information, please visit www.udbudsportalen.dk and www.gronindkobsportal.dk and particularly the EU Commission guide:
http://ec.europa.eu/environment/gpp/pdf/buying_green_handbook_da.pdf

Publicly owned utility companies such as Post Danmark are subject to an EU directive for the procurement of goods and services targeted at utility companies. The directive stipulates a very precise process for procurement activities, and also describes an obligation to conduct ongoing procurement activities according to the agreement made with a supplier found via tender.

The public sector primarily focuses on the environmental properties of the products/services, and, to a lesser degree, on the companies and supply chain responsible for the production. The reason for this is that other policies focus on the companies' activities as regards environmental and social considerations, that the procurement should support product-related environment policies and, finally, that the EU public procurement directives, as mentioned above, underline that the requirements made should relate directly to the product.

It would seem obvious that end users focus mainly on the purchased products/services and to a lesser degree on the supplier, and that the reverse is the case for companies as the main focus of stakeholders is to refrain from outprocurement to countries and companies with a lower profile than the one the company itself has. In a sustainability context, however, focus should be on both social aspects (company focus) and environmental aspects (focus on both services and companies).

According to the Danish government's "Action plan for the promotion of companies' social responsibility" (Regeringens handlingsplan til fremme af virksomhedernes samfundsansvar), published in May 2008, the "social responsibility" of companies needs to be included more systematically in relation to public procurement, and specifically related to the UN Global Compact. For this purpose, the Danish Agency for Governmental Management has prepared a Code of Conduct (Appendix 1A The company's responsibility), which suppliers to the state must commit to observe as a precondition for concluding a framework agreement. The content of Appendix 1A is very close to the 10 principles of Global Compact and is, in general, very similar to most of the Codes of Conduct followed by private companies. One characteristic difference exists, however, as the Danish Agency for Governmental Management has formulated the appendix so that it is very product-oriented and in line with the principles of the EU public procurement directives (see above). Appendix 1A prescribes that, as a prerequisite for a contract, a company must sign to confirm that the entire supply chain upstream in the company similarly observes the requirements described in the appendix – a requirement which is impossible to meet in practice. This requirement is similar to the requirement which most private companies have included in their Codes of Conduct.

It is not the intention of the Danish Agency for Governmental Management to perform audits to check compliance, however they will react on information about non-compliance. The supplier undertakes to be in possession of documentation for compliance and to be able to make the documentation available to the Danish Agency for Governmental Management upon request and within one month. The Danish Agency for Governmental Management accepts satisfactory documentation in the form of the supplier's annual progress report prepared under the UN Global Compact, approved and thus published on UN Global Compact's website.

2. Status of company activities

In the autumn of 2009, a questionnaire survey was conducted among DCSBD member companies regarding the practice for incorporation of environmental and social consideration.

The survey included 15 DCSBD member companies, covering nine production companies, four service companies and two trade companies. The limited number of participants does not give rise to any definite conclusions.

In general, the companies' procurement activities are organised centrally, in particular within areas that are central to the business operations of the company, and where frequent and economically significant procurement takes place. A number of companies define the types of procurement that should or should not be handled centrally via a risk assessment procedure, meaning that specific attention is given to procurement that is central to the company and which is made in countries or from suppliers at risk of not complying with the requirements. Minor procurement activities and procurement that is not central to the company are often performed decentrally.

Seventy-five per cent of the companies have set up a tender procedure, either in full or in part, and 85 per cent of the companies state that they use shortlisting or overall approval of suppliers in full or in part.

The survey indicates that consideration to environmental and social aspects is handled as follows:

- All companies operate according to an overall policy and/or a Code of Conduct, which for the most part includes guidelines on how to show consideration to environmental and social aspects as part of the company's procurement activities.
- Most companies make specific requirements, in full or in part, regarding energy (60 per cent) and a slightly lower number make requirements regarding the content of hazardous chemicals (40 per cent). Specific requirements are made more often in connection with primary procurement than in connection with secondary procurement.
- Consideration to social aspects among Danish suppliers primarily concerns working environment (in addition to statutory requirements) and to "the tolerant labour market".
- All companies who have suppliers in third world countries make requirements regarding the observance of human rights, child labour, corruption, employee rights and working environment. The responses are very similar and this would indicate that all companies use the same framework for this part of their Code of Conduct, i.e. the UN Global Compact and BSCI.
- Almost all companies require their suppliers to comply with legislation and the customer's Code of Conduct as a minimum, and almost half of them make requirements that extend further into the supply chain.
- Almost half of the companies perform audits at their suppliers' premises, and half of the companies have suppliers who sign a solemn declaration only, without further control.
- Just under half of the companies (seven out of 15) organise their primary and secondary procurement in different ways and/or make different requirements.
- Whereas the production companies have generally incorporated procedures to ensure compliance with the Code of Conduct, this practice is not yet as widespread among trade and service companies.
- Between 30 and 50 per cent of the companies always stipulate requirements regarding environmental and social aspects, and between 60 and 80 per cent make requirements regarding these aspects sometimes at least. As regards the frequency of making requirements, there is very little difference between primary and secondary procurement.
- Only a few companies always include considerations to environmental and social aspects as a competitive parameter on a par with price, etc. Between 50 and 80 per cent of the companies include considerations sometimes at least, depending on the specific situation.
- The order of priority for the companies' current focus on environmental and social aspects in relation to secondary procurement is as follows: a) buildings, b) outdoor areas, office, canteen, cleaning and transport, c) meeting and conference facilities, etc., d) financial services.

Appendix 2

Companies' Code of Conduct focusing on requirements of suppliers – overview

Below are examples of the content of the Code of Conduct of a number of companies, primarily as regards the requirements that are made of suppliers. The Codes of Conduct for suppliers of a number of companies' can be found at www.rbenet.dk.

Post Danmark, Code of Conduct, ethical procurement, 2007

Purpose	Requirements of suppliers/business partners regarding ethical procurement
General requirements	<ul style="list-style-type: none"> • Requirement that suppliers/business partners comply with Post Danmark's guidelines • Must assume responsibility for ethical procurement, also from sub-suppliers, if relevant • Must comply with national legislation and/or human rights in relation to international conventions, including staff matters • Must be able to document compliance • Must subject to control of compliance
<u>Main area 1</u> Operation of supplier company	<ul style="list-style-type: none"> • No support to terrorist activities • No commitment of crime, including cartelisation • No use of corruption • No use of animal experiments where the animals suffer unnecessarily • No procurement of goods/services from countries in conflict • No use of illegal manpower
<u>Main area 2</u> Care for the individual human being	<ul style="list-style-type: none"> • No use of child labour • No use of forced labour • Pay employees a sustainable wage • Care for employee health and safety • No discrimination of employees due to gender, religion, race, etc. • Right of association • No harassment of employees • Requirements regarding working hours and limitations in relation to overtime
<u>Main area 3</u> Production and products in relation to surroundings and environment	<ul style="list-style-type: none"> • Responsibility to ensure that pollution in production does not exceed levels fixed in national or trade rules and standards • Responsibility to ensure that waste handling is conducted according to national or trade rules and standards • It must be possible to recycle the product to a significant extent • The use of the product must not cause a hazard to people, animals or the environment in the short or long term

ECCO – code of conduct

ECCO uses the 10 principles as the basis for its requirements of suppliers.	<ol style="list-style-type: none"> 1. ECCO is a guest in each of the countries in which it operates and will as such respect the culture of the individual country. 2. ECCO supports, respects and has a proactive approach to the protection of internationally defined human rights. 3. ECCO respects equal opportunities and supports abolishment of discrimination in the workplace. 4. ECCO respects a person's right to freedom of religion. 5. ECCO respects the right to freedom of association. 6. ECCO wishes employees to have access to a workplace free of harassment or abuse and condemns any forms of compulsory labour. 7. ECCO supports the UN Convention on the Rights of the Child.
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	<p>8. ECCO provides training, education and further development of human resources on all levels.</p> <p>9. ECCO aims to be a leading company in the area of environment, health and safety and aims to promote sustainable development.</p> <p>10. ECCO wishes to ensure that the conduct of its business as an absolute minimum always complies with all relevant laws and regulations.</p>
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Jysk Code of conduct – A part of a complete supplier guideline

<p>Jysk uses the 10 principles as the basis for its requirements of suppliers.</p> <p>An extended version exists, which in practice requires the suppliers and sub-suppliers to comply with the UN Global Compact and BSCI's criteria.</p>	<ol style="list-style-type: none"> 1. All national legislation and regulations must be followed. 2. Freedom of association must be respected for all employees and they have the right to form and join trade unions of their own choice and to bargain salary collectively. Representatives of the employees must have access to their members at the workplace. 3. Discrimination of any kind is never accepted. 4. Pay for regular working hours, overtime hours and overtime differentials shall meet or exceed minimum national and/or industry standards. 5. The maximum allowable working hours in a week are as defined by national law, but shall on a regular basis not exceed 48 hours. Overtime hours are to be worked on a voluntary basis and must be paid. 6. A healthy and safe working environment must be established for all workers, and working conditions must not violate basic human rights. Suppliers to JYSK must have a management representative, who is responsible for the health and safety of all employees. 7. Child labour, any form of exploitation of children and conditions that are harmful to children are forbidden. 8. All forms of forced labour are forbidden. The use of corporal punishment, mental, physical or verbal abuse is forbidden. 9. Procedures for handling and disposal of waste, chemicals and other dangerous materials must meet or exceed minimum national requirements. 10. A policy for social accountability must be defined and implemented as well as an anti-bribery and anti-corruption policy must be established and followed in all business operations. The management is responsible for the correct implementation and continuous improvement of JYSK's Code of Conduct as well as the communication of the requirements of the Code of Conduct to all employees.
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Arla Food's Code of Conduct for suppliers

<ul style="list-style-type: none"> - The Supplier shall at all times ensure compliance with its obligations as set out in this Code of Conduct for Suppliers. - Upon the request of Arla Foods, the Supplier shall provide evidence of its compliance with all obligations set out in this Code of Conduct for Suppliers. - The Supplier shall use all efforts to ensure that its agents and sub-contractors comply with the requirements under this Code of Conduct for Suppliers. - In the event of a material and/or repeated breach by the Supplier of any of its obligations under this Code of Conduct for Suppliers Arla Foods is entitled in whole or in part to terminate its cooperation with the Supplier, without incurring any liability towards the Supplier. - Any products, which have been manufactured by or for the Supplier in breach of its obligations under this Code of Conduct for Suppliers are deemed non-conform, and Arla Foods reserves the right to reject such products, without prejudice to any other rights of remedy available to Arla Foods under any purchase contract or the law.

<p>- The obligations under this Code of Conduct for Suppliers are additional to the Supplier's other obligations pursuant to any purchase contract between Arla Foods and the Supplier.</p> <p>- The obligations under this Code of Conduct for Suppliers shall continue in force in respect of any deliveries from the Supplier to Arla Foods, regardless of the termination or expiry of any purchase contract between the parties.</p>	
Legal Requirements	The Supplier shall at all times comply with all applicable laws, rules and regulations.
Gifts, Benefits and Business Ethics	<p>- Arla Foods' honesty, integrity and trustworthiness must never be questioned. Arla Foods' employees cannot accept, and the Supplier shall not offer or provide, neither directly nor indirectly, any gifts, gratuities or other benefits, which may influence decisions with respect to Arla Foods' relationship with the Supplier.</p> <p>- The Supplier shall not, directly or indirectly, reward or offer to reward any employee, agent or sub-contractor of Arla Foods for entering into a contract or for requesting the supply of goods or services. If requested the Supplier will promptly provide Arla Foods with access to the Supplier's records to verify that the Supplier has complied with this undertaking.</p>
Human Rights	The Supplier shall respect human rights as defined by the United Nations.
Child Labour	The Supplier shall respect the rights of children to develop and to receive an education, and cannot engage in or tolerate the use of child labour. Child labour is defined as employing young people under the age of completion of compulsory schooling or younger than 15 years (14 years where this is allowed according to ILO convention 138). If local legislation or local regulations stipulate a higher age limit, this has to be observed.
Equal Opportunities and Forced Labour	The Supplier shall provide equal opportunities for its employees and may not discriminate on the basis of race, sex, age, religion, marital status or sexual orientation, or use forced labour.
Trade Unions, Working Hours and Wages	The Supplier shall respect the rights of employees to form and join trade unions of their choice, including labour organisations, and shall comply with applicable laws, rules, regulations and industry standards concerning working hours and minimum wages.
Health and Safety	The Supplier shall provide a safe and healthy working environment, which complies with or exceeds the requirements of all applicable laws, rules and regulations.
Environment	The Supplier shall comply with all applicable laws, rules and regulations regarding the protection of the environment.

Danfoss A/S, Code of Conduct, 2009

Purpose	Requirements to suppliers and potential business partners
General requirements	<p>Danfoss has made a commitment to make a major effort in order to achieve economic, environmental and socially sustainable development. As a result of this commitment, Danfoss has acceded to the principles of the UN Global Compact initiative.</p> <ul style="list-style-type: none"> • It is the supplier's responsibility to ensure, without undue delay, that all relevant initiatives and steps are taken to ensure compliance with the Code of Conduct. • In addition to complying with Danfoss' ethical code, the supplier must act in accordance with national legislation.

	<ul style="list-style-type: none"> • If the supplier violates Danfoss' Code of Conduct and is not willing to remedy the problems, Danfoss will consider terminating cooperation. • The supplier must strive to ensure that sub-suppliers comply with Danfoss' Code of Conduct. • The supplier must give Danfoss access to check that the supplier complies with Danfoss' Code of Conduct.
Supplier conduct	<ul style="list-style-type: none"> • Danfoss does not accept child labour. • Danfoss respects cultural differences and does not allow discrimination. • Danfoss does not tolerate forced labour. • Employees of Danfoss suppliers must enjoy good working conditions. • Danfoss acknowledges the need for a reasonable balance between working time and spare time, and wages must be paid in accordance with national legislation and rules. • Danfoss respects the employee's right of association and collective bargaining. • The supplier must respect the employees' right to a private life. • The supplier must work to avoid pollution and reduce resource consumption. • Danfoss does not accept corruption and bribery in business transactions.

Code of Conduct and ethics in Grundfos Purchase

<p>Grundfos uses the 10 principles of the UN Global Compact and ILO's guidelines as the basis for its requirements to suppliers.</p> <p>The suppliers and their sub-suppliers must comply with the guidelines.</p> <p>Ethics, environmental conditions, employee conditions, including child labour and anti-corruption have been specified.</p> <p>Grundfos must be informed immediately about deviations from the guidelines.</p>	<p>SUPPLIER shall – within his sphere of influence - respect and support the UN Global Compact, including among others the following set of core values and principles in the areas of human rights, labour standards, the environment, and anti-corruption:</p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that he is not complicit in human rights abuses.</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies</p> <p>Principle 10: Businesses should work against all forms of corruption, including</p>
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extortion and bribery.

SUPPLIER will ensure that his sub-suppliers respect and support the same rules.

The Grundfos Supplier Code of Conduct gives a detailed description of the principles in UN Global Compact and can be found here:

www.grundfos.com/group-purchase - then click on "CSR in the supply chain"



Appendix 3

Suggestions for main principles for Supplier Code of Conduct based on three standards and DCSBD's charter

Suggestions: Division of <u>Supplier</u> Code of Conduct	UN Global compact ⁵ /the Danish Agency for Governmental Management's Appendix 1A ⁷	DS 26001 ¹³	BSCI ¹⁴	DCSBD charter ¹⁰
A. Human rights 4. Respect civil and political rights 5. No violation against minority groups	A. Human rights 1. Respect rights 2. No violation	A. Human rights 1. Civil and political rights 2. Financial, social and cultural rights 3. Discrimination of minority groups 4. Avoidance of complicity 5. Risk situations regarding human rights		
B. Employee rights 4. Working conditions a. Freedom of association b. Conditions of employment c. Working conditions and social protection d. Working environment e. Employee involvement 5. Forced labour 6. Child labour 7. Diversity and integration	B. Employees' rights 1. Freedom of association 2. Forced labour 3. Child labour 4. Discrimination	B. Working conditions 1. Conditions of employment 2. Working conditions and social protection 3. Social dialogue 4. Health and safety at work 5. Development opportunities at work	1. Freedom of association 2. Collective bargaining 3. Working hours 4. Remuneration 5. Forced labour 6. Child labour 7. Working environment 8. Discrimination	1. Employee involvement 2. Diversity and integration 3. Same principles throughout the company
C. Environment 7. Prudence/prevention	C. Environment 1. Prudence principle	C. Environment 1. Prevention and cleaner		Climate change and other global challenges

<ul style="list-style-type: none"> 8. Environmentally-friendly technologies 9. Sustainable resource utilisation 10. Climate 11. Nature protection 12. Animal welfare 	<ul style="list-style-type: none"> 2. Responsibility 3. Environmentally-friendly technologies 	<ul style="list-style-type: none"> technology 2. Sustainable resource utilisation 3. Fight against and adaptation to climate change 4. Nature protection and restoration 5. Animal welfare 		
<ul style="list-style-type: none"> D. Business ethics 6. Anti-corruption 7. Responsible social behaviour 8. Fair competition/marketing 9. Requirements of suppliers regarding social responsibility 10. Openness 	<ul style="list-style-type: none"> D. Anti-corruption 1. Corruption, blackmail, bribery 	<ul style="list-style-type: none"> D. Good business ethics 1. Anti-corruption 2. Responsible participation in politics 3. Fair competition 4. Respect for right of ownership 		<ul style="list-style-type: none"> 1. Requirements of suppliers 2. Draw attention to sustainability 3. Trustworthy marketing 4. After market advisory services
		E. Consumer conditions		
		F. Development of society and involvement in society		Openness
			G. Management systems ^b	<ul style="list-style-type: none"> 1. Management prioritisation 2. Continuous improvement 3. Research and development

^b The supplier/company must formulate and implement a CSR policy, a management system to ensure that the requirements of the BSCI Code of Conduct are met, and anti-bribery and anti-corruption policies must be set up and followed up on. Management is responsible for the correct implementation and continuous improvement via periodic reviews and corrective actions of the Code of Conduct. Management must communicate the requirements of the Code of Conduct to all employees. Management must also handle employees' demonstration of non-compliance with the Code of Conduct.



Appendix 4

Suggestions for minimum requirements and possible supplementary development requirements to be made to a number of product areas

- An appendix in progress, which is to be gradually extended on www.rbenet.dk

The requirements tested: Requirements that already form part of public tenders or have been met in relation to National Procurement Ltd.'s contracts. Due to the EU tender criteria, public companies cannot make requirements for energy-labelled and eco-labelled products in connection with tenders. However, they may require compliance with underlying criteria. As a result, requirements tested in a public framework often appear to be rather complicated, but can in many cases be rewritten directly by private companies to form requirements regarding the delivery of corresponding eco-labelled or energy-labelled products.

KIS requirements – “keep it simple”: Environmental considerations indicated under KIS requirements are among the most important environmental requirements and can be used immediately. The requirements have already been tested by other (public) companies/authorities – without significantly limiting the possibility for competition among tenderers. The requirements can be made in connection with both tenders and direct procurement.

Development requirements: Environmental considerations that could give rise to major or minor tender price increases as only one or very few suppliers exist on the Danish market that are able to deliver products/services that meet these criteria. The supplier could be informed that these requirements are expected to form part of future contracts. This will give the supplier time to determine how to fulfil the requirements.

Product	Tested requirements	KIS requirements	Development requirements, if relevant
Paper and office supplies	Supply of paper and office supplies that meet the criteria for the eco-labels, however, the supplier/producer does not necessarily have the licence to eco-label the products. Purchase paper with the highest possible content of recycled fibres. Purchase office supplies with no PVC plastic. Purchase binders, cassettes, index tab dividers, etc. with cardboard made from recycled paper. Avoid disposable articles.	Purchase paper and office supplies labelled with the Flower or the Swan.	Documentation of use of wood from sustainable forest (FSC criteria).
Copying paper	The Swan/the Flower. 100 per cent recycled fibres. ECF/TCF. Documentation of use of wood from sustainable forest (FSC criteria).	Labelled with the Swan/the Flower. FSC/PEFC-labelled.	Documentation of use of wood from sustainable forest (FSC criteria).
Copying services	Choose paper labelled with the Flower or the Swan. Choose the thinnest possible paper. The supplier has a certified environmental management system. Documentation of use of wood from sustainable forest (FSC criteria).	Choose paper labelled with the Flower or the Swan.	Certified environmental management. Energy action plan. Documentation of use of wood from sustainable forest (FSC criteria).

Product	Tested requirements	KIS requirements	Development requirements, if relevant
Printed material and sheet offset printing		Printed matter labelled with the Swan. Choose paper labelled with the Flower or the Swan.	Certified environmental management. Energy action plan. Documentation of use of wood from sustainable forest (FSC criteria).
PCs	Must meet the requirements for energy consumption/energy efficiency in the procurement guidelines published by the Danish Electricity Saving Trust (Elsparefonden).	Compliance with the requirements contained in the procurement guidelines published by the Danish Electricity Saving Trust.	There is only one supplier of PCs labelled with the Swan (and none labelled with the Flower). Sufficiently large customers may make the Swan/the Flower a development requirement during the contract period.
Office machines (photocopiers, multi-function machines and printers)	The machine must: Comply with the requirements for energy consumption/energy efficiency contained in the procurement guidelines published by the Danish Electricity Saving Trust (Elsparefonden). Offer double-sided copying. Offer copying on 100 per cent recycled paper.	Compliance with the requirements contained in the procurement guidelines published by the Danish Electricity Saving Trust.	There are only two suppliers of office machines labelled with the Swan (and none labelled with the Flower). Sufficiently large customers may make the Swan a development requirement during the contract period (no Flower criteria exist for office machines).
Cleaning services	Cleaning agents used must meet the following requirements: <ul style="list-style-type: none"> a) For ordinary everyday cleaning, Flower-labelled/Swan-labelled cleaning agents must be used. b) If a given cleaning job cannot be performed using a Flower-labelled/Swan-labelled cleaning agent, the customer must approve this separately. <p>Whenever possible, microfibre cloths must be used. Products that involve low risk of allergy must be used. No use of products that contain perfume and dyes. Use cleaning companies whose staff has been instructed in the use of cleaning agents and methods. Avoid pressure cleaning and other aerosol-forming cleaning methods.</p>	Make it a requirement that the cleaning company uses Swan-labelled/Flower-labelled cleaning agents, where possible. Use a cleaning company which has introduced environmental management (ISO 14001 or EMAS). Use cleaning companies whose staff has been instructed in the use of cleaning agents and methods.	Only one cleaning company is Swan-labelled. The Swan could be used as a development requirement during the contract period. At present, there are no Flower criteria for cleaning services. Certified environmental management which includes consideration to working environment. Energy action plan.
Textile detergents and all-purpose cleaning agents	A considerable number of eco-labelled products are available.	Choose products labelled with the Swan or the Flower.	Certified environmental management. Energy action plan.

Product	Tested requirements	KIS requirements	Development requirements, if relevant
Laundry services	The detergents used must fulfil the requirements of the Swan or the Flower. Washing processes must be environmentally optimised in accordance with project report 417 published by the Danish Environmental Protection Agency.	Detergents used must be eco-labelled with the Swan or the Flower. Washing processes must be environmentally optimised in accordance with project report 417 published by the Danish Environmental Protection Agency.	Certified environmental management that includes working environment conditions. Energy action plan. Eco-labelled laundry service.
Hand soap and shampoo	A considerable number of eco-labelled products are available. Choose hand soap and shampoo labelled with the Swan or the Swedish eco-label Bra Miljöval. Choose hand soap and shampoo without dyes and perfume. Choose products that are easy to dose correctly.	Choose hand soap and shampoo labelled with the Swan or the Swedish eco-label Bra Miljöval.	
Kitchen towel and toilet paper	A considerable number of eco-labelled products are available. Choose kitchen towel and toilet paper that meet the requirements of the Flower or the Swan. Choose kitchen towel and toilet paper with a low weight in grams and sufficient absorbency. Choose kitchen towel and toilet paper made from recycled fibres.	Choose kitchen towel and toilet paper labelled with the Flower or the Swan.	The paper pulp should come from legal and sustainable forestry (FSC-certified).
Office furniture and chairs	Plastic parts must be free from PVC. Wooden parts must come from legal and sustainable forestry (FSC). Spare parts must be available for a minimum of 10 years. The fabric on upholstered furniture can be replaced, spot-cleaned or removed and washed. Degreasing and subsequent lacquering of metal parts must be performed without the use of organic solvents. Plastic parts must be free from substances based on lead, cadmium, mercury and their compounds as well as organic tin compounds. All big and important metal parts and their surface treatment must be free from cadmium, nickel, lead and chrome. Furniture must be free from flame retardants. Paint, lacquer and dyes as well as finishing treatments and further treatment products must be free from heavy metals and azo dyes, which can break down into carcinogenic amines, organic solvents and the phthalates DEHP, DBP	Choose office furniture with a long life, i.e. furniture of good quality in a timeless design. Plastic parts must be free from PVC. Wooden parts must come from legal and sustainable forestry (FSC). It must be possible to replace, spot-clean or remove and wash the fabric on upholstered furniture. Choose furniture produced by a furniture manufacturer who has implemented environmental management (ISO 14001/EMAS).	There are very few suppliers of Swan-labelled office furniture and chairs. The Swan could be used as a development requirement during the contract period. The Flower only includes criteria for furniture which consists of at least 90 per cent w/w solid wood or wood-based materials, and other materials must only amount to 3 per cent w/w for the individual material type. Thus, the Flower can be used as a development requirement for e.g. bookcases.

	<p>and BBP.</p> <p>It must be possible to clean the furniture without having to use special cleaning agents.</p> <p>All electric tables must use a maximum of 2 watts when in stand-by mode.</p> <p>It must be possible to separate the furniture into materials, and plastic parts weighing more than 50 g must be labelled with plastic type.</p> <p>Plastic parts should be labelled according to the DS/EN ISO 11469:2000 and DS/EN ISO 1043-1 to 1043-4 standards.</p> <p>Instructions should be included, informing how to recycle or dispose of the item in an environmentally sound manner.</p>		
Light fittings and lamps	<p>A considerable number of energy-efficient systems are available.</p> <p>Choose fittings for lighting tubes with HF couplings.</p> <p>Avoid fittings that have been treated with solvent-based dyes and lacquers.</p> <p>Avoid fittings with brominated flame retardants.</p>	Choose lighting systems that meet the procurement requirements of the Danish Electricity Saving Trust.	
Light sources	<p>A considerable number of energy-efficient light sources are available.</p>	Choose A-labelled light sources. Choose A bulbs from the Danish Electricity Saving Trust list.	Inform the supplier that the company will gradually change to LED lighting, wherever possible.
Paint	<p>A considerable number of eco-labelled products are available.</p> <p>Choose paint with the lowest code number as is possible in relation to quality.</p> <p>Choose eco-labelled paint.</p>	Choose paint with the lowest code number as is possible in relation to quality. Choose eco-labelled paint.	
Painting services	<p>Choose paint with the lowest code number as is possible in relation to quality.</p> <p>Eco-labelled paint.</p> <p>Disposal of paint waste to the local authorities.</p> <p>Choose a painting company that works to improve its working environment.</p>	Choose paint with the lowest code number as is possible in relation to quality. Choose eco-labelled paint.	The supplier introduces a documented environment management and working environment management system.
Cables and cords	<p>Choose cables with cap and isolation materials that are free from brominated flame retardants, antimon and chloride paraffin.</p> <p>Choose cables with cap and isolation materials that are PVC-free.</p> <p>Choose cables with cap and isolation materials that are free from chloroprene.</p>	Choose cables with cap and isolation materials that are free from brominated flame retardants. Choose cables with cap and isolation materials that are PVC-free.	Cords in lamps and electric equipment should be PVC-free.
Refrigerators and freezers	<p>Choose refrigerators which fulfil the requirements of the Swan or the Flower.</p> <p>Choose cooling equipment energy-labelled A+ or A++.</p>	Choose cooling equipment eco-labelled with the Swan or the Flower. Choose cooling equipment	

Product	Tested requirements	energy-labelled A+ or A++. KIS requirements	Development requirements, if relevant
Work clothes	<p>Certain Danish companies can deliver eco-labelled work clothes for a variety of conditions.</p> <p>Choose work clothes that meet the requirements of the Flower.</p> <p>Choose work clothes that are labelled with VAREFAKTA.</p> <p>Choose work clothes that are labelled according to the Øko-Tex 100 standard.</p> <p>Choose work clothes that are free from heavy metals.</p>	<p>Choose work clothes that are labelled with the Flower.</p> <p>Choose work clothes that are labelled with VAREFAKTA.</p>	
Bed linen	<p>A considerable number of eco-labelled products are available.</p> <p>Choose bed linen which</p> <ul style="list-style-type: none"> - meets the requirements of the Flower or the Swan - is free from heavy metals - has been bleached without the use of chloride compounds <p>Choose bed linen with good colour fastness after washing.</p>	<p>Choose bed linen labelled with the Flower or the Swan.</p>	
Transport supplier	<p>Choose a transport supplier who</p> <ul style="list-style-type: none"> - optimises the capacity utilisation and aims to avoid unnecessary transport - uses vehicles adapted to the transport job - uses vehicles with low pollution level - uses vehicles with low fuel consumption - 	<p>The transport supplier</p> <ul style="list-style-type: none"> - uses vehicles with low pollution level - uses vehicles with low fuel consumption 	<p>Certified environmental management system.</p> <p>Training programme for employees in environmentally correct driving.</p> <p>Documented best possible logistics for solving the relevant job.</p>



Notes

¹ See www.rbenet.dk

² A general definition of the concept of "sustainable development" is given in the Brundtland report "Our Common Future" from 1987: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." www.un-documents.net/wced-ocf.htm

³ CSR, Corporate Social Responsibility.

A concept whereby the company integrates social and environmental considerations into its business operations in cooperation with its stakeholders on a voluntary basis. (EU green book about CSR, COM 366, 2001)

⁴ Circular letter about environmental and energy considerations in state procurement. Danish Ministry of the Environment Circular Letter No. 26 dated 7 February 1995

⁵ See www.unglobalcompact.org

⁶ Action plan for the promotion of companies' social responsibility. See www.eogs.dk/.../Samfundsansvar.dk/.../CSR-Handlingsplan_press.pdf

⁷ Appendix 1A for guidelines to joint state procurement agreements – see www.mim.dk/NR/.../Kontraktbilag_1A__virksomhedens_ansvar.pdf See also Appendices 1 and 3.

⁸ See www.rbenet.dk

⁹ See www.gronindkobsportal.dk and www.miljovejledninger.dk

¹⁰ See www.rbenet.dk

¹¹ The Commission's notification about the EU public procurement directive, July 2010: http://www.gronindkobsportal.dk/Files/Filer/Groen%20Indkoeb/Meddelelse_vedr_groenne_indkoeb_EU.pdf

¹² Cradle to grave or life cycle assessment (LCA). Statement of a product's total environmental impact at all stages of the product's life: raw material extraction, production of raw materials and product, use and disposal, including transport. See for example www.ecolabel.dk

¹³ DS 26001: Danish suggestions for a standard for social responsibility. See www.ds.dk

¹⁴ BSCI: Business Social Compliance Initiative. See: www.bsci-eu.org

¹⁵ ISO 14001: International standard for environmental management launched in 1996: See www.ds.dk

¹⁶ EMAS: The EU scheme for officially approved environmental management: Eco Management and Audit Scheme. See www.emas.dk

¹⁷ Green House Gases (GHGs) include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and three industrial chemicals which are less significant in this context. For a statement of these, see for example WBCSD's guidelines (www.wbcd.com) or Carbon Trust (www.carbontrust.uk)

¹⁸ The Swan and the Flower: See the product groups for which criteria have been developed for these eco-labels, on www.ecolabel.dk

¹⁹ FSC: Forest Stewardship Council. The label documents that the wood has been sustainably grown and legally felled. See www.fsc.dk

²⁰ RBE's guide to sustainable products. Working paper 1 June 2010. See www.rebnet.dk

²¹ REACH: EU legislation about chemicals which will come into force over a 10-year period, 2008-18. See www.mst.dk/Virksomhed

²² The Danish Electricity Saving Trust (Elsparefonden): See www.elsparefonden.dk

²³ Green key. Officially recognised private eco-label awarded to hotels and similar. See www.green-key.dk