

## ***SKS TECHNOLOGIES Pty Ltd***

### ***Social and Sustainable Procurement Policy***

*Achieving social and sustainable outcomes through our procurement activity*

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## **Definitions (for more complete definitions see section 5)**

### **Social Procurement**

Social procurement is when we use our buying power to generate social value and benefit that goes above and beyond the value of the goods, services, or construction works that are being purchased. Social procurement ensures that purchasing decisions include equity, inclusion and diversity outcomes that will collectively achieve a more holistic community result – a quadruple bottom line approach.

This approach aims to deliver maximum value for our community – helping to address structural and systemic inequality while we go about our day-to-day business.

There are two primary forms of social procurement for our business:

- Direct - engaging a social benefit provider to deliver goods or a service.
- Indirect - including social benefit(s) as an outcome of a procurement contract.

### **Sustainable Procurement**

Separate from social procurement, sustainable procurement includes specific factors that can be considered that will deliver environmental benefits. This can include using reusable or recycled materials, choosing low energy or low water consumption options, or contributing to designing and constructing energy efficient buildings. This ensures that our community achieves value for money for the life of the project (long term) by generating benefits not only for the organisation, but also for our community and our economy, while minimising its impact on the environment.

Sustainable procurement involves decision making that has the most positive environmental social and economic impacts possible across the entire life cycle of goods and services.

### **Social Enterprise**

Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to new opportunities, employment and training or support the sustainability and health of our environment and biodiversity.

Income generating social enterprises often play a key role in supporting marginalised and disadvantaged job seekers and provide real pathways to development and employment.

## **SECTION ONE: THE VISION**

### **1. OUR VISION**

Our business Social and Sustainable Procurement Policy puts social and sustainable outcomes at the heart of our procurement activity. By leveraging our buying power, our policy will enable us to increase the social benefit and economic prosperity of our community as a direct result of our purchased goods, services, and construction work. We want to ensure that value for money is not just about cost, but also translates into social, economic, and environmental value and benefit for our community.

#### **Why are we doing this?**

Our mission is to preserve and improve the physical, social, environmental, cultural, and economic health and wellbeing of our neighbourhoods, while ensuring quality of life for current and future generations. Our policy provides a key pathway to achieving this mission. Using our collective buying power, we can enter into procurement contracts that will contribute to creating a fair, inclusive community that is both environmentally and socially sustainable.

As a socially responsible organisation and employer, this approach brings us into line with local, national, and international practices such as the Victorian State Government's Social Procurement Framework.

### **2. OUR AIM**

Our Policy aims to:

- Deliver value for money.
- Increase localised economic benefit.
- Provide genuine and quality support for social enterprises
- Strengthen our capacity to influence social and environment outcomes
- Respond to the climate emergency through action
- Promote acceptance throughout the supply chain of the value of social and sustainable procurement
- Be measurable, transparent, and compliant with legislation
- Respond to the businesses endorsed climate emergency plan by embedding action into the commitment

### **3. GUIDING PRINCIPLES**

Our policy will help to advance economic, social, and environmental objectives through our procurement practices.

Our guiding principles will ensure we:

- Understand our procurement spend – recognising that value for money is more than price paid.
- Provide more opportunities for the local business community, in particular our social enterprises, to increase their capacity and capability to become suppliers to the business.
- Increase opportunities for local businesses and social enterprises, to create capacity for local job seekers, especially those who are marginalised, dis-advantaged and underrepresented in the workforce.
- Work to reduce our negative impact on the environment, support our climate emergency goals
- Ensure a more holistic (quadruple bottom line) outcome that can be measured, evaluated, and reported – social, economic, environmental and governance.
- Lead in procurement governance practices of integrity, probity and accountability while building organisational capability and expertise.
- Promote equity, inclusion, and diversity.

### **Social and Sustainable Procurement Priorities**

Promote equity and diversity, governance and transparency, focus on quadruple bottom line. Create more opportunities for marginalised job seekers, create opportunities for local social enterprises, achieve sustainability and climate emergency goals, lead in procurement practices.

### **These principles will assist us to:**

- Clearly demonstrate in a practical way, that we are delivering on the businesses stated priorities of social inclusion and environmental sustainability as expressed through our Mission – To preserve and improve the physical, social, environmental, cultural, and economic health of all our neighbourhoods, and ensure quality of life for current and future generations.
- Enhance corporate social responsibility commitment by considering Equity, Inclusion and Human Rights principles in all purchasing assessments.
- Change our purchasing practices so that cost is not the only consideration and other benefits to the municipality such as the creation of local employment are also considered. This in turn, can provide opportunities for small suppliers who are able to deliver quality projects, goods, and services, with the opportunity to participate and benefit.

## **4. OBJECTIVES**

### **4.1: Social Procurement – Promoting Equity and Diversity**

Our business has a longstanding commitment to serving and responding to the diverse needs of its community. We place strong emphasis on equity, diversity, and inclusion considerations across all aspects of business.

Our business strongly believes that all people, in their diversity, should have fair and equitable access to opportunities, infrastructure, services and information. We are committed to creating a community where everyone can thrive and belong. We will work to eradicate discrimination and reduce the impact of poverty and disadvantage where we can throughout all aspects of our business and decision making.

Our business recognises that not all in our community experience equal access to resources and opportunities, including participation in employment and economic activity, which are widely recognised as key factors keeping people healthy and well. We know that communities who experience high rates of unemployment generally experience poorer health outcomes.

The Social and Sustainable Procurement Policy seeks to further our commitment to addressing disadvantage and improving health equity by ensuring that our procurement leverages social value and positive social outcomes.

Our purchasing and procurement decision making will consider those suppliers who aim higher in their socially inclusive policies and practices as a way of further strengthening the health and wellbeing of our community. Through processes such as contract management and setting and monitoring of targets, we will seek to ensure that suppliers continue to strive to excel at delivering on socially inclusive outcomes. This can be achieved on a case-by-case basis dependant on the nature of the contract.

**Table 1: SKS Technologies Social and Sustainable Procurement Objectives**

<b>Objectives</b>	<b>Outcomes</b>
Opportunities for Aboriginal people	<ul style="list-style-type: none"><li>• Purchasing goods or services from Aboriginal businesses</li><li>• Employment of Aboriginal people by suppliers to the business</li></ul>
Opportunities for people with a disability	<ul style="list-style-type: none"><li>• Purchasing goods or services from social enterprises and disability enterprises</li><li>• Employment of people with disability by suppliers to Our business</li></ul>

Objectives	Outcomes
Opportunities for disadvantaged people	<ul style="list-style-type: none"> <li>• Purchasing goods or services from Victorian social enterprises</li> <li>• Job readiness and employment for including but not limited to: <ul style="list-style-type: none"> <li>➤ long-term unemployed people</li> <li>➤ disengaged youth</li> <li>➤ single parents</li> <li>➤ migrants and refugees</li> </ul> </li> </ul>
Improve gender equity	<ul style="list-style-type: none"> <li>• Purchasing goods or services from businesses which promote the full and equal participation of women</li> <li>• Employment of women who experience barriers to employment by suppliers to the business</li> </ul>
Reducing CO2 emissions (Addressing climate emergency)	<ul style="list-style-type: none"> <li>• Reduced reliance on fossil fuels</li> <li>• Less energy consumed by our business</li> <li>• Less energy consumed by our suppliers</li> </ul>
Minimising waste production (Addressing climate emergency)	<ul style="list-style-type: none"> <li>• Reduced use of non-renewable resources</li> <li>• Reduced demand for raw materials and natural resources</li> <li>• Reduction in waste and by-products</li> <li>• Help to promote a market for recycled materials</li> </ul>
Address the climate emergency by reducing water consumption and activities that impact biodiversity	<ul style="list-style-type: none"> <li>• Less water used and less impact on water quality</li> <li>• Activities don't threaten natural habitats</li> </ul>

Where possible, our business prefers to buy from organisations with demonstrated commitment to human rights and improving local communities, particularly where this is evidenced by social enterprise, fair trade certification, positive and inclusive employment practices, direct community involvement or other demonstrable positive impacts on society.

When assessing potential partnerships, the business will consider:

- Activity that promotes inclusion through social capacity building.
- Exploring joint ventures with our business and social benefit suppliers.
- The ethical procurement of goods and services.
- Engaging local businesses that generate local employment for disadvantaged residents.
- Improving equity of access to opportunities.
- Supporting social and service innovation.
- Using procurement to reinvigorate disadvantaged or marginalised communities.
- Helping to build the capacity and capability of social enterprises.

## **4.2: Environmentally Sustainable Procurement**

Our business recognises that we are in a state of climate emergency that requires urgent action. Reducing our environmental impact is a must and this can be achieved through our purchasing activity.

We will select energy and water efficient services and practices, choose reusable, refillable and recycled options where available, avoid the use of single use plastics (except where required for health and safety reasons), minimise the purchase of items manufactured from virgin materials, minimise the use of disposable items and select items which generate less waste.

Our decision-making process must consider suppliers who achieve higher standards of environmentally sustainable practices in their own business as a way of further strengthening the health and wellbeing of our community. Through processes such as contract management and the setting and monitoring of targets, we will seek to ensure that suppliers continue to strive to excel at delivering on sustainable policies and practices.

When assessing potential partnerships, we will consider:

- Reducing consumption through eliminating unnecessary purchasing.
- Alternatives such as reuse, recycle or refurbish.
- Environmental management practices of suppliers/manufacturers.
- The whole life cycle of products in terms of the impact on the environment including product manufacture, packaging, use and disposal at end of product life.
- Eliminating the use of single use plastics.
- Reducing waste to landfill.
- Improving and protecting waterways.
- Reducing water consumption

## **4.3: Local Sourcing Opportunities**

Our business is a purchaser of goods and services within the community and recognises that its procurement policies and practices have the potential to influence the local economy. Our business is committed to procurement that supports local businesses plus economic diversity and viability. This also supports socially inclusive activities as it works to stimulate the local economy and contribute to local job creation and reduces the reliance on goods and services that impact the environment through travel and transport.

When assessing potential partnerships, our business will consider:

- The use of local suppliers to encourage economic development.
- Generating local employment.
- Considering the life cycle impacts of products purchased on the local economy. In support of local suppliers.



## **5. DEFINITIONS CONTINUED**

### **Social Procurement**

Social procurement is when organisations use their buying power to generate social value above and beyond the value of the goods, services, or construction works being procured.

Social procurement ensures that procurement decisions incorporate consideration of social value to build real quadruple bottom line value propositions into procurement processes.

Quadruple bottom line incorporates social, environmental, economic/ financial and governance considerations.

It is a powerful tool that can improve value for money and community benefit by integrating and furthering social and economic objectives. Social procurement strategies demonstrate how improving 'quality of life' outcomes can be embedded in the business of all entities.

In recognition of the purchasing power which businesses have, there are many opportunities for our business to leverage social benefit through the goods, services, or construction being procured. This delivers maximum value for the community - helping to address structural and systemic inequality, while conducting our core business.

There are two primary forms of social procurement:

- 1) Direct - engaging a social benefit provider to deliver a good or service.
- 2) Indirect - including social benefit as a component of a procurement contract

Types of organisations offering diversity include businesses that are:

- Female-led
- Aboriginal owned and/or operated or employing Aboriginal people
- Culturally and linguistically diverse
- Employing people with disabilities or owned and/or operated by those with disabilities.

### **Sustainable Procurement**

Sustainable procurement involves decision making that has the most positive environmental, social, and economic impacts across the entire life cycle of goods and services. It looks beyond up-front costs to make purchasing decisions that consider associated environmental and social risks and benefits, and broader social and environmental implications. "Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole of life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

### **Social Enterprise**

Social enterprises are businesses that trade to intentionally tackle social problems, communities, provide people access to employment and training or help the environment. They derive most of their income from trade (not donations or grants) and use most of their profits to contribute to their social or environmental mission.

Income generating social enterprises often play a key role in supporting disadvantaged job seekers with pathways to employment into mainstream businesses.

### **Environmental/Sustainability Considerations**

Specific factors that will be considered in purchasing decisions can include using reusable or recycled materials, choosing low energy or low water consumption options, or designing and constructing energy efficient buildings. Other factors such as reducing carbon emissions or total product life cycle including products that generate less waste output that can be repurposed or recycled will also be considered.

## **SECTION TWO: IMPLEMENTATION**

### **6. PROCUREMENT POLICY FUNDAMENTALS**

Our business recognises the need to ensure that its procurement practices align with best practice contracting and procurement principles, policies, and processes. Our purchasing, contracting and contract management will support the delivery of our strategies including those relating to climate emergency, sustainability, protection of the environment, and corporate social responsibility with the aim of providing ongoing benefit to the community without compromising the five key best practice principles of:

- Value for money
- Open and fair competition
- Accountability
- Risk management
- Probity and transparency

### **7. COMPLIANCES**

This policy is the foundation document in our businesses procurement framework for the procurement of good, services and construction works for and on behalf of our business, to ensure that procurement occurs in compliance with relevant legislation and industry best practice.

**Our Policy will ensure we:**

- Achieve high standards of probity, transparency, accountability, risk management and ethical behaviour in all procurement.
- Establish a procurement framework that seeks to achieve best value for money in terms of price, quality timeliness and beneficial outcomes to the local community through consistent competitive and transparent processes that are subject to continuous improvement.
- Prioritise where practical, the procurement of environmentally responsible, locally sourced and socially responsible goods and services.
- Use social procurement to enhance sustainable and strategic procurement to Effectively contribute towards building stronger communities and meeting the wider social objectives of the Industry.
- Use strategic procurement practices and innovative procurement solutions to promote sustainability and best value.
- Ensure that our business resources are used efficiently and effectively to improve the overall quality of life of people in the local community including the use of procurement collaboration and partnership opportunities where appropriate.

**8. PROCUREMENT PRINCIPLES**

Our business will apply the following fundamental principles to all procurement, irrespective of the value and complexity of that procurement:

**8.1 Value for Money**

The focus for all our procurement is to ensure that the best value for money is obtained. This does not mean the business is obliged to accept the lowest price.

The concept of value for money involves considering both cost and non-cost factors including advancing the companies objectives and priorities such as local employment and environmental impact, fitness for purpose, quality, service, and support, and whole of life costs.

Value for money purchasing decisions made by our business are made on whole of life costs, including transaction costs associated with acquiring, using, holding, maintaining, and disposing of goods, services or construction works.

**8.2 Open and Fair Competition**

All prospective suppliers must be afforded an equal opportunity to tender or quote for the goods, services or construction works to be delivered to and by our business. Our business must adequately test the market through competitive processes in a consistent manner without any bias or perception of bias so that potential suppliers and the public have confidence in the outcome.

Confidentiality of commercial interests of both existing and potential suppliers must be Always maintained.

Commercially sensitive information includes, but is not limited to, process, price, discounts, rebates, profit, margins, manufacturing and product information.

### **8.3 Accountability**

Our business is accountable for all expenditure.

Accountability in procurement means:

- Being responsible for the actions and decisions taken in relation to the procurement and for the resulting outcome.
- Being able to demonstrate and provide evidence of the process followed in purchasing on Behalf of the business.

### **8.4 Risk Management**

All parts of the procurement process must be managed to ensure that all risks, including Occupational Health and Safety, are identified, analysed, evaluated, treated, monitored, and communicated to the standard required by the law and in accordance with Australian standards.

### **8.5 Probity and Transparency**

Our business will conduct its procurement activities in a fair, honest, and open manner, demonstrating the highest level of integrity, consistent with the public interest.

### **8.6 Continuous Improvement**

Our business will implement reporting systems to monitor performance against targets and compliance with our procurement policy and guidelines.

Procurement procedures, innovative practices, guidelines, and costs will be benchmarked. Internal standards will be agreed within the business and set performance criteria against these targets will be measured, reported, and reviewed regularly to support continuous improvement.

### **8.7 Social and Sustainable Procurement**

Our business will consider Social and Sustainable procurement options in all purchasing decisions. This will include, through tender processes where weighting will be applied on a case-by-case basis depending on the nature of the purchase.

## **9. APPLYING OUR POLICY**

Our policy specifies what must be considered when purchasing goods, service and construction works by our business.

The scope of this policy governs the full life cycle of the procurement commencing when the business identifies a need for procurement and continues through to the delivery of goods

or completion of works or services. Our policy applies to all staff and all persons undertaking procurement activities on our businesses behalf and who are accountable for complying with all relevant procurement legislative and policy requirements.

### **10. PROBITY**

All persons engaged in procurement on our business behalf must exercise the highest standards of integrity in a manner able to withstand the closest possible scrutiny. All members of staff have an overriding responsibility to act impartially and with integrity, avoiding conflicts of interest.

At all times, all persons engaged in procurement on our business behalf must:

- Conduct themselves ethically and with integrity.
- Declare and effectively manage real, perceived, and potential conflicts of interest
- Maintain confidentiality and security of information.

### **11. IMPACT MEASUREMENT**

*How do we measure the success of the policy?*

As stated, the Social and Sustainable Procurement Policy aims to:

- Increase localised economic benefit.
- Provide genuine and quality support for social enterprises.
- Strengthen our capacity to influence social and environment outcomes via Purchasing decisions.
- Promote acceptance throughout the supply chain of the value of social and sustainable procurement
- Be measurable and transparent.

To measure the impact of the policy, depending on the criteria set in individual contracts, the business will monitor at regular intervals the following:

- Increase in employment particularly in disadvantaged and marginalized sectors.
- Assess and monitor the increase numbers of social enterprise businesses being involved in supplying products and services to our business
- Building in targets for measures such as emissions reductions for suppliers at higher thresholds
- Measure the increase of Aboriginal owned enterprises being engaged in contracts.
- Measure the number of trainees and apprentices appointed and retained by suppliers per annum

Manager  
Sign:



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