

Sustainable Procurement Guidelines

FREIGHT FORWARDING PRODUCT SHEET

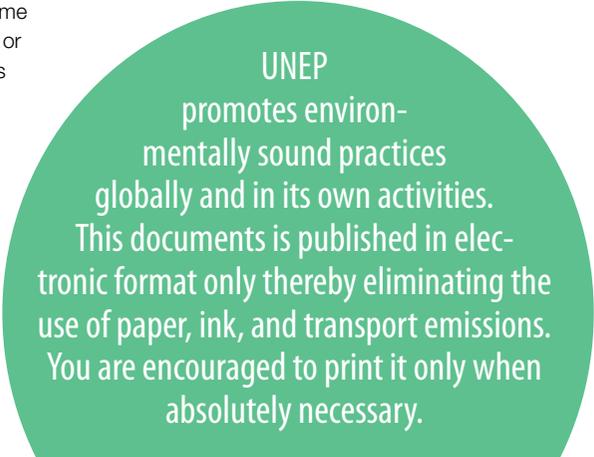
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Section 1: Introduction and Scope

Sustainable Procurement

“Sustainable Procurement practices integrate requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs.”¹

Scope

The “Sustainable procurement guidelines for freight forwarding - Product Sheet” provides example criteria that may be used by United Nations staff to purchase sustainable freight forwarding services. In these guidelines the procurement of freight transports services via road, rail, inland navigation, air and sea are covered. These services can be performed by freight forwarders, logistics service providers or carriers and include as well long term contracts for transport services on the spot market. This document forms part of a series of guidelines on sustainable procurement for use by UN agencies.

A Background Report is also available which presents the rationale behind the development of the criteria in this product sheet and provides additional guidance on implementing sustainable procurement in the United Nations.

Structure

Two sets of sustainability criteria are presented in the Sustainable Procurement guidelines:

- **Basic sustainability criteria** address the most significant environmental and social impacts, and are designed to be used with minimum additional verification effort or cost increases.
- **Advanced sustainability criteria** are intended for use by procurers who seek to purchase the best environmental and socially-responsible products available on the market, and may require additional administrative effort or imply a certain cost increase as compared to other products fulfilling the same function. Some criteria are common for all transport modes while others are specific per transport mode.

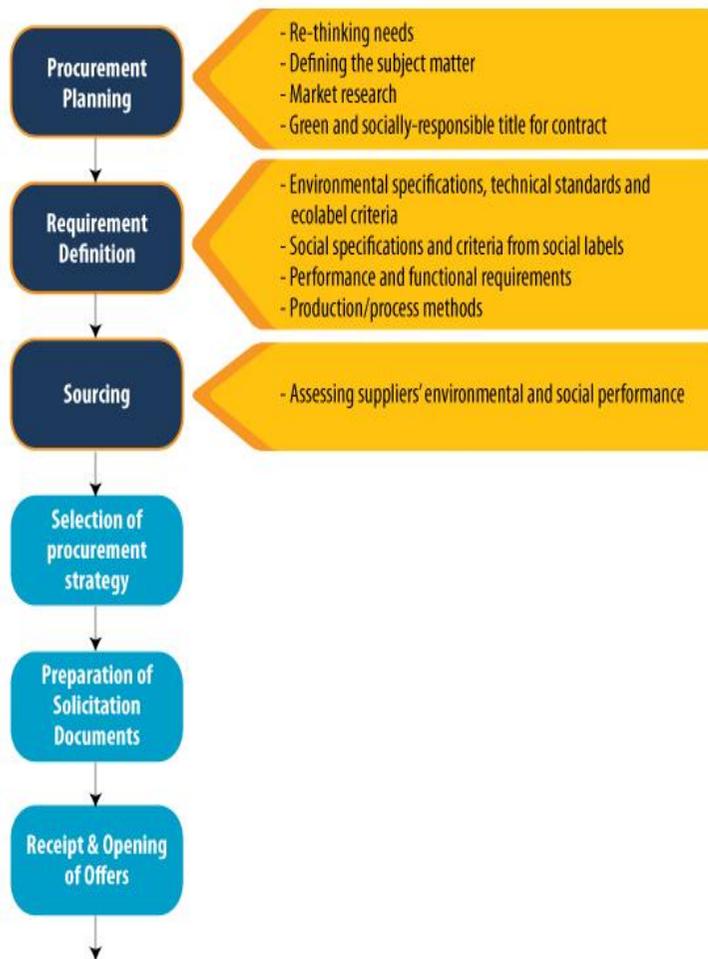
Regional applicability

Differences in freight transport market circumstances should be taken into account including the actual sustainability performance of the group of potential providers and the diversity in performance within that group. Advanced criteria are possible for land transport in Australian, New Zealand, Europe, North America and Japan and for most international maritime and air freight transport services. It is advisable to carry out initial market research to assess whether Basic or, and which, Advanced criteria should be used.

¹ Definition adopted by the High Level Committee on Management Procurement Network.

Section 2: Incorporating Sustainability into the UN Procurement Process

This diagram highlights the stages at which sustainable procurement interventions should be integrated.



A - Procurement planning

Procurement planning is essential to assess needs, define an appropriate budget and analyse the market to have a better idea of available products meeting sustainability criteria. The subject matter of the contract defines and, more importantly, communicates what the purchasing authority intends to purchase. Explicitly phrasing the subject matter of the contract in such a way that it integrates the sustainability goal to be achieved is an important first step to take in the tendering process. As all conditions stipulated in the other steps of the tendering process need to maintain a clear link to the subject matter of the contract, **clear and explicit wording of the subject matter is an effective way to ensure a sustainable purchase.**

The needs assessment in the procurement planning should include opportunities to avoid or minimise freight transportation.

Freight transport avoidance strategies	How
Analyze and implement transport avoidance strategies <ul style="list-style-type: none"> • Distance avoidance • Speed avoidance • Product weight reduction • Product volume reduction • Reduced handling factor • Packaging weight and volume reduction 	Develop and use check list Check opportunities with colleagues responsible for freight transportation and for the procurement of products and packaging Establish open communication between requisitioners and procurers, central and country units, procurers and suppliers, to maximize supply chain efficiencies.

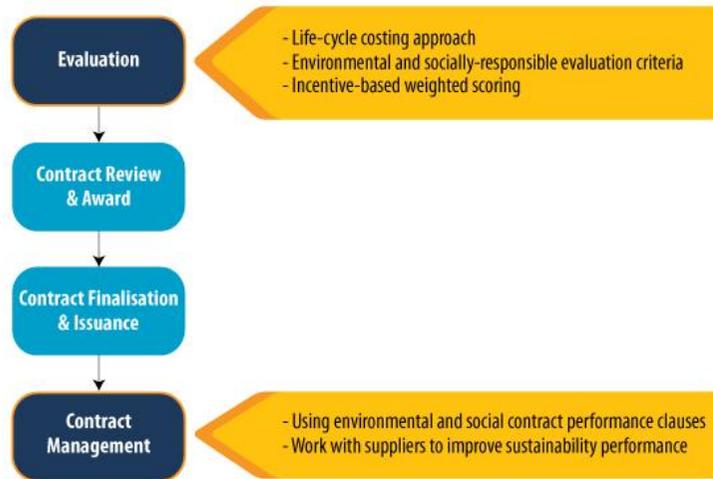
Analyze and implement transport logistics collaboration with other UN agencies and non-governmental agencies	Contact other UN agencies and relevant non-governmental organizations
Analyze opportunities for multimodal transport and modal shift to more environmental friendly modes	Check opportunities with colleagues responsible for freight transportation
Prepare the market before tendering and between tendering cycles	Include sustainability elements in routine business seminars, inform the supplier community of the new sustainability goal, encourage more sustainable suppliers to participate in business opportunities.

B - Requirement definition

The tender specifications (or technical specifications) provide detailed information on the functionality, quality and other characteristics (e.g. packaging, disposal, etc.) of the product to be purchased. They provide the **opportunity to set minimum environmental and/or social requirements** which all bidders must meet.

C - Sourcing

Criteria for sourcing (or pre-selecting) suppliers, vendors and manufacturers assess the technical and professional qualifications of vendors to produce and/or supply the requested products. **Sourcing criteria can be included that assess the sustainability performance of bidders** to ensure that only bids from 'eligible' companies are considered in the evaluation stage. They can assess the bidding company's operations (and the companies it subcontracts or uses) as a whole, rather than only the end products purchased. The criteria included in this stage can address issues such as the availability of information on products, (sustainability) experience of the bidder, and security of supply. This can be a useful approach to improve the general environmental management and corporate social responsibility of companies contracted by the UN.



Source: Adapted from UNDP Environmental Procurement Practice Guide, 2008

D - Evaluation

Evaluation criteria are used to evaluate and compare the bids received which meet the minimum specifications (i.e. compliant bids). In sustainable procurement, it is essential to indicate that the contract will be awarded to the offer that provides “**best value for money**” – the term used if criteria other than just the price will be assessed when comparing bids. Evaluation criteria evaluate the performance of a bid both in terms of price and other criteria, such as environmental performance.

As with all phases of the tendering process, the tender documents published by the purchasing authority must clearly set out the various evaluation criteria that will be used to evaluate bids (such as price, technical quality, environmental quality, social performance, etc.) as well as the weight in percentage terms allocated to each aspect. **In sustainable procurement, evaluation criteria can be used to encourage higher levels of sustainability performance than those demanded in the specifications, without risking significant increases in cost.**

E - Contract management

Contract clauses are binding on any company winning the bid, and should therefore be possible for any company to comply with. **It makes sense to include sustainability criteria in the contract clauses only if they are not included in other sections of the tender.** Contract clauses also include reference to penalties for non-compliance with the specifications or for cases where a supplier has provided a false written guarantee.

Section 3: Sustainability criteria and verification

Sustainability criteria	Verification	Basic	Advanced
A – Procurement Planning			
Define the specific sustainability goal(s) to be achieved in the tendering process (e.g. specific CO ₂ reductions goals).		•	•
Subject matter (defining what will be purchased): Purchase of freight transportation services with a higher sustainability performance.		•	•
Communicate sustainability objectives and general sustainability requirements in all relevant procurement documents, including a reference to the UN Global Compact and other relevant information such as a code of conduct for suppliers, etc.	Check references and attachments in procurement documents.	•	•
B – Requirement definition			
B1 – General performance			
All modes			
Commitment to respect the UN Global Compact ten core values in the areas of human rights, labour standards, environment, and anti-corruption.	Bidders must provide written commitment to the UN Global Compact core values. Companies that are member of the Global Compact, with the “GC active” status as a minimum at the moment of tendering, will be deemed to comply.	•	•

Sustainability criteria	Verification	Basic	Advanced
B2 – Environmental performance			
All modes			
<p><u>Written corporate environmental policy</u></p> <p>The bidder is required to demonstrate the existence and public availability of a written corporate environmental policy, consistent with ISO 14001 (International Organisation for Standardisation), or equivalent.</p>	<p>Proof of compliance is the written corporate environmental policy, consistent with ISO 14001 (International Organisation for Standardisation), or equivalent.</p>	•	
<p><u>Operational, third-party certified, environmental management system</u></p> <p>The bidder shall provide a certificate of a third-party certified, environmental management system such as ISO 14001, European EMAS, or equivalent.</p>	<p>The bidder is required to provide certificates of the third-party certified environmental management system.</p>		•
<p>The bidder performs Corporate Greenhouse gas emissions monitoring and reporting compliant with the GHG Corporate Accounting and reporting standard or ISO 14064 standard.</p>	<p>Bidders must provide a copy of the most recent Corporate GHG report and a copy of a verification assessment report from an independent third party.</p>		•
<p>The bidder performs Corporate monitoring and reporting system for air pollutants (NOx, PM, SOx,) following the GHG Corporate Accounting and reporting standard or ISO 14064 standard.</p>	<p>Bidders must provide a copy of the most recent Corporate Emissions assessment report and a copy of a verification assessment report from an independent third party.</p>		•
<p>In the case of subcontracting, transport service providers should have arrangements with their subcontractors similar to the UN sustainability requirements.</p>	<p>Bidders must provide a copy of their supplier code of conduct and policy for the procurement of transport services from subcontractors.</p>	•	•
<p>The bidder shall provide description of all operational and technical measures implemented to reduce fuel consumption and to improve the environmental performance.</p>	<p>Bidders must provide detailed information on measures implemented over the last 5 years</p>		•

Sustainability criteria	Verification	Basic	Advanced
Maritime transport sector			
Full Compliance with the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978; and its Protocol of 1997 (Annexes I - VI (Oil, bulk chemicals, dangerous packaged goods, sewage, garbage and atmospheric pollution (MARPOL)).	Bidders must provide appropriate documentation to demonstrate compliance with applicable national laws, regulations or other measures to implement the International Convention.	•	•
Full Compliance with the International Convention on Civil Liability for Oil Pollution Damage, 1992, and the International Convention on the Establishment of an International Fund for Compensation for oil Polluting Damage, 1992 (CLC/Fund 92).	Bidders must provide appropriate documentation to demonstrate compliance with applicable national laws, regulations or other measures to implement the International Convention.	•	•
Full Compliance with the International Convention on the Control of Harmful Anti-fouling Systems on Ships (AFS), 2001.	Bidders must provide appropriate documentation to demonstrate compliance with applicable national laws, regulations or other measures to implement the International Convention.	•	•
Full Compliance with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM), 2004 (when in force).	Bidders must provide appropriate documentation to demonstrate compliance with applicable national laws, regulations or other measures to implement the International Convention.	•	•

Sustainability criteria	Verification	Basic	Advanced
Full Compliance with the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, 1972, as amended (LC 1972) (in force) • 1996 Protocol to the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, 1972 (LC PROT 1996).	Bidders must provide appropriate documentation to demonstrate compliance with applicable national laws, regulations or other measures to implement the International Convention.	•	•
Provide the Detention profile of ships.	Bidders should provide a list of ships they use that have been detained by port authorities over the last 3 years, including the following details: Name of the vessel and IMO number; Company and registered owner and IMO number Port of detention; Ground for detention; and Duration of detention.	•	•
Road Transport			
Initial Fuel Efficient Driving Training of at least 7 hours for all new drivers and a similar training of at least 50 % of the current drivers.	Bidders must provide appropriate documentation such as training certificates/documents.		•
Fuel consumption monitoring on driver level.	Bidders must provide appropriate documentation.	•	•
Idling time monitoring behavioral procedures (behavioral and technologies).	Bidders must provide appropriate documentation such as company policy documents and instructions to drivers.	•	•
Tire pressure monitoring procedures to verify tire pressure.	Bidders must provide appropriate documentation such as company policy documents and instructions to drivers.	•	•

Sustainability criteria	Verification	Basic	Advanced
Tire pressure monitoring technologies.	Bidders must provide appropriate documentation.		•
Implementation of technological measures to reduce NOx and PM <ul style="list-style-type: none"> • Particulate Filter/Trap (PF) • Oxidation Catalyst (OC) 	Bidders must provide appropriate documentation.		•
Average truck fleet age is less than 7 years.	Bidders must provide appropriate documentation.		•
Installation of correct aerodynamic features on trucks and trailers.	Bidders must provide appropriate documentation.		•
B3 – Social performance			
All modes			
<p><u>Transportation services according to international labour standards, self-declaration</u></p> <p>The bidder shall provide proof of compliance with applicable national laws, regulations or other measures to implement the international working standards (ILO Core Conventions) listed below throughout the whole supply chain.</p> <p>Freedom of Association and Protection of the Right to Organise (No. 87) Right to Organise and Collective Bargaining (No. 98) Forced Labour (No. 29) Abolition of Forced Labour (No. 105) Discrimination (Employment and Occupation) (No. 111) Equal Remuneration (No. 100) Minimum Age (No. 138) Worst Forms of Child Labour (No. 182)</p>	<p>The bidder is required to submit appropriate proof that the requirements of applicable national laws, regulations or other measures have been met, such as a written <u>self-commitment/declaration</u> and code of conduct for subcontractors.</p>	•	

Sustainability criteria	Verification	Basic	Advanced
<p><u>Transportation Service according to international labour standards, independent third party certified</u></p> <p>The bidder shall provide proof from an independent third party certification body of its compliance with applicable national laws, regulations or other measures to implement the international working standards (ILO Core Conventions) throughout the whole supply chain listed below. The supply chain includes subcontractors that are the subject of this contract.</p> <ul style="list-style-type: none"> Freedom of Association and Protection of the Right to Organise (No. 87) Right to Organise and Collective Bargaining (No. 98) Forced Labour (No. 29) Abolition of Forced Labour (No. 105) Discrimination (Employment and Occupation) (No. 111) Equal Remuneration (No. 100) Minimum Age (No. 138) Worst Forms of Child Labour (No. 182) 	<p>The bidder is required to submit independent third party verification that the requirements are met.</p>		•
Maritime Sector			
<p>Compliance with applicable national laws, regulations or other measures to implement the mandatory standards of the Maritime Labour Convention 2006 (when in force) except the regulations 5.1, 5.2, and 5.3 that fall under the responsibility of flag- and port states.</p>	<p>Bidders must provide appropriate documentation to demonstrate compliance with national legislation, regulations or other measures taken to implement MLC 2006 or with equivalent national legislation. .</p>	•	•
<p>Compliance with the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) as amended, including the 1995 and 2010 Manila Amendments.</p>	<p>Bidders must provide appropriate documentation to demonstrate compliance with STCW 1995, as amended or equivalent national legislation.</p>	•	•

Sustainability criteria	Verification	Basic	Advanced
Road transport			
Full compliance with applicable national laws, regulations or other measures to implement the ILO Hours of Work and Rest Periods (Road Transport) Convention, 1979 (No. 153) or equivalent national legislation.	Bidders must provide appropriate documentation to demonstrate compliance with applicable national laws, regulations or other measures.	•	•
B4 – Safety			
All modes			
The bidder shall demonstrate that they have in place and maintain a safety management system that is appropriate to the size and complexity of the operation in accordance with OHSAS 18001 Occupational Health and Safety Management Systems or equivalent standards.	Bidders must provide appropriate documentation.		•
The bidder shall demonstrate the availability of an appropriate Alcohol and drugs prevention management system.	Bidders must provide appropriate documentation.	•	•
Air cargo			
The bidder shall demonstrate the availability of a Regular Operational Safety Audit compliant with international recognized standards such as the IATA Operational Safety Audit (IOSA) program.	The bidder is required to submit appropriate proof that this requirement has been met.	•	•

Sustainability criteria	Verification	Basic	Advanced
Maritime Sector			
The bidder shall demonstrate compliance with the International Convention for the Safety of Life at Sea (SOLAS), 1974, as amended and other relevant instruments.	Bidders must provide appropriate documentation to demonstrate compliance with SOLAS 1974 and other relevant instruments	•	•
C – Sourcing			
Procurers should do an environmental and social risks and impacts assessment of pre-selected potential suppliers.	Examination of published data on underperforming carriers and carriers' compliance record, if available (e.g. Equasis and GISIS for the maritime sector).	•	•
Compliance with environmental and social legislation. Bidders shall not be permitted to take part in a contract if they: Have been found guilty of grave professional misconduct proven by any means which the contracting authorities can demonstrate; or have not fulfilled obligations relating to the payment of social security contributions in accordance with the legal provisions of the country in which he/she is established or with those of the country of the contracting authority.	The bidder is required to submit an appropriate declaration.	•	•
D – Evaluation			
Five points will be awarded to bidders able to provide a consignment level emissions reporting compliant with a sector or internationally recognized standard.	Bidders must provide appropriate documentation to demonstrate capability to provide consignment level emissions reporting and copy of a verification assessment report from an independent third party.		•

Sustainability criteria	Verification	Basic	Advanced
E – Contract management			
For contracts with a term longer than 3 years the bidder should work together with the UN organization and set up an organization to implement and maintain the sustainability requirements as defined in the UN Supplier Code of Conduct and additional requirements defined in the contract.	The bidder is required to submit appropriate proof that these requirements have been met, such as a written <u>self-commitment/declaration</u> .	•	•
In the case of subcontracting, transport service providers should have sustainability arrangements with their subcontractors back to back with what has been agreed between the UN organization and the contractor.	The bidder is required to submit appropriate proof that this requirement has been met.		•

Section 4: Implementation notes

C - Sourcing suppliers

Compliance with environmental legislation

Where appropriate, the contracting authorities should ask bidders to supply relevant documents and, where they have doubts concerning the personal situation of a bidder, they may seek the co-operation of the competent authorities in the particular country.

The exclusion of such economic operators should take place as soon as the contracting authority has knowledge of a judgement concerning such offences. If national law contains provisions to this effect, non-compliance with environmental legislation or legislation on unlawful agreements in public contracts which has been the subject of a final judgement or a decision having equivalent effect may be considered an offence concerning the professional conduct of the economic operator concerned or grave misconduct.

Exclusion of suppliers on the basis of non-compliance with environmental legislation may prove impractical in situations where a strong legal framework and enforcement is not in place. The procurer will need to assess their own situation.

Section 5: Information sources

- UN Supplier Code of Conduct
www.un.org/depts/ptd/pdf/conduct_english.pdf
- UN Global Compact
www.unglobalcompact.org
- **Maritime sector detention and banning lists**
- Black Sea Memorandum of Understanding on Port State Control
<http://www.bsmou.org/>
- EQUASIS
<http://www.equasis.org>
- Indian Ocean Memorandum of Understanding
<http://www.iomou.org/>
- Mediterranean Memorandum of Understanding
<http://www.medmou.org/>
- Paris Memorandum Secretariat
<http://www.parismou.org>
- Port Compliance.org
<http://www.portcompliance.org/index.cfm>
- Riyadh Port State Control
http://www.riyadhrou.org/about_us.asp
- Tokyo MOU
<http://www.tokyo-mou.org/>
- US Coast Guard Port State Information Exchange
<http://cgmix.uscg.mil/psix/psix2/>
- Vina del Mar Agreement
<http://www.acuerdolatino.int.ar>
- West and Central Africa Memorandum of Understanding on Port State Control (Abudja MOU)
<http://abujamou.org/memorandum.html>
- **Maritime performance indicators and indexes**
- www.greenaward.org
- www.cleanshippingproject.se
- www.equasis.org
- <http://qisis.imo.org/Public/>
- **Road transport performance indicators**
- www.epa.gov/smartway/

Section 6: Example of Weighting Matrix

In the evaluation of bids complying with the sustainability criteria outlined above should be given a weighting of at least 20%. The following advanced evaluation criteria could be considered for long haul road transport alongside other evaluation criteria such as price and quality.

Category	Weighting
Fuel efficient driving	Maximum 2 points <ul style="list-style-type: none"> All drivers followed an Eco driving course over the last 3 years (2 points)
Fuel consumption monitoring at driver's level	Maximum 2 points <ul style="list-style-type: none"> Monitoring including Driver's rewarding system (2 points)
Idling time reduction policy	Maximum 2 points <ul style="list-style-type: none"> Internal policy including monitoring (2 points)
Use of low resistance tires on all trucks	Maximum 1 point
Average age of fleet	Maximum 3 points <ul style="list-style-type: none"> Average fleet age < 5 years (3 points)
	Maximum 10 points

Section 7: Checklist for selection of sustainable freight forwarding

The following checklist is designed to help UN requisitioners in the preparation of product or service criteria and UN procurers when selecting potential contractors and products. It is recommended to first read the Product Sheet and the Background Report “Sustainable procurement guidelines for freight forwarding” as these documents explain each criterion more comprehensively.

Check-list – Freight Forwarding	
A – Procurement Planning	Yes/No
B - Requirement definition	Yes/No
C - Sourcing	Yes/No
D – Evaluation	Yes/No
F – Contract Management	Yes/No

SUSTAINABLE UNITED NATIONS

Sustainable United Nations (SUN) is a UNEP initiative that provides support to UN and other organisations to reduce their greenhouse gas emissions and improve their sustainability overall.

SUN was established in response to the call from UN Secretary General Ban Ki-Moon at the World Environment Day 2007 (5 June), to all UN agencies, funds and programmes to reduce their carbon footprints and “go green”. This call was echoed in October 2007 in a decision of the UN Chief Executives Board (CEB/2007/2, annex II) to adopt the UN Climate Neutral Strategy, which commits all UN organisations to move towards climate neutrality. Within this context, SUN is working with the UN Environment Management Group – the UN body coordinating common environmental work within UN – to provide guidance, and develop tools and models for emission reduction within organisations.



ALTIMEDES

Altimedès Consulting (www.altimedès.com) is a Brussels based international management consulting firm combining a strong expertise in horizontal logistics collaboration, energy management, corporate responsibility and sustainable development in the freight transport and logistics sector. Altimedès collaborates with public authorities and clients in the private sector to help them reach much higher performance levels in energy efficient and sustainable freight transportation, logistics and supply chains. Altimedès is a founding member of the Green Logistics Consultants Group (www.greenlogisticsconsultants.com), a global collaborative network of consulting companies with a focus on sustainable transportation and logistics.





About the Sustainable Procurement Guidelines

The UN operates to achieve the goals of peace, equality, sustainable development and respect for human rights. The way the UN manages its operations and procures products and services should reflect these goals.

Ensuring lowest environmental and most positive social impact of procurement does not only build on the international community commitments. It also manages the reputational risks associated with labour exploitation or environmental damage in the supply chain; it gives a strong signal to the market and encourages the innovative production of cleaner and more ethical products enhancing an economy based on social and environmental responsibility.

These guidelines are designed to assist UN procurers and requisitioners in their choice to include sustainability considerations in their procurement work. They are built on the recognition that market situations are different from one country to another and thus provide advice based on research made about availability of more sustainable products in world regions. Overall, the guidelines provide a comprehensive overview of the specific factors affecting the sustainability of a given product category and suggest a language and specific criteria to include sustainability in tenders.

Guidelines are specifically provided for the areas of:

- IT equipment
- Cleaning
- Furniture
- Stationary
- Vehicles
- Cafeterias, Food and Kitchen equipment.
- Freight Forwarding
- Generators and Batteries
- Carbon Credits

They are available at: www.greeningtheblue.org and www.ungm.org

For more information

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