Company-wide policy on sustainable procurement

Policy context
Making sustainable development happen – this is what we do every day, in our projects and with our partners. Furthermore, we encourage sustainability within our own company, in relation to the environment and in the way we work with our staff.

At GIZ, corporate sustainability is the responsibility of the Chair of the Management Board. It is enshrined in our Corporate Principles and embedded as measurable goals in our Sustainability Programme, Environmental Programme and Corporate Strategy. We believe that corporate sustainability must encompass social responsibility, ecological balance and economic capability. We regard political participation as a fundamental requirement for real sustainable action.

This policy has been developed in line with GIZ’s various internal strategies. The guiding principles of this policy comprise the company’s societal responsibility, the operation of transparent processes and fair competitions, observance of laws and international agreements including human rights and child protection, and the promotion of integrity.

Our approach goes well beyond what is required by law, and we have committed ourselves to international and national agreements. These include the 2030 Agenda, the Paris Agreement on climate change and Germany’s National Sustainable Development Strategy. We respect human rights in our own organisation and in our supply chains by following the International Labour Organization (ILO) core labour standards and the UN Guiding Principles on Business and Human rights. We are dedicated to continuously building on our leadership role in sustainable corporate governance and incorporating this into all existing and future business practices. As a service provider in the field of international cooperation for sustainable development, GIZ works all over the world to achieve a future worth living and has many years of experience related to sustainability standards and public-private responsibility for diverse global value and supply chains. In connection with these efforts and goals, GIZ has a special focus on sustainable procurement.

Policy objective
The objective of this policy is to ensure that procurement is in accordance with the highest sustainability criteria and to clarify roles and responsibilities.

Scope of the policy
The policy is set out in a binding document that applies throughout the company and comes into force upon its adoption by the Sustainability Board on 16 December 2020. It was developed with the specialist sustainable procurement team in the Procurement and Contracting Division working in cooperation with GIZ’s Sustainability Office.

The policy ranges from defining and embedding sustainability criteria in the tender documents to integrating these into the final contract. This policy applies to all types of contract that GIZ uses for procurement (procurement of services, materials, goods and equipment, financing arrangements and construction works) concluded at Head Office and in the field.

Legal framework
GIZ is a contracting authority within the meaning of Section 99 (2) of the German Act against Restraints of Competition (GWB) and is therefore required to apply the current provisions of competition law – in particular GWB, the German Regulation on the Award of Public Contracts (VgV) and the German procurement and contract regulation for the award of construction works (VOB/A-EU) – when procuring services in the European Economic Area if the estimated value of the contract is above the relevant EU threshold.

If the estimated order value of procurements is below the relevant EU threshold, GIZ is required – by virtue of the General Agreement signed with the German Federal Ministry for Economic Cooperation and Development (BMZ) – to apply the regulation on sub-threshold procurement (UVgO) and Section 1 of the German procurement and contract regulation (for construction works) (VOB/A) when dealing with commissions from the Federal Government. The directives in the regulation on sub-threshold procurement (UVgO) as set out in the General Agreement only have to be applied by analogy to award procedures outside the European Economic Area.

The legislator expressly intends the sustainability criteria to be applied in all performance areas, both above and below the award thresholds. In addition to social and environmental aspects, these include the aspects quality and innovation.

Section 97 (3) of the German Act against Restraints of Competition (GWB) defines social and environmental aspects as ‘general principles for making awards’. Here, the appropriate application of sustainability criteria for all performance areas is expressly intended. Sustainability criteria can be integrated at different stages of the award procedure for awards both above and below the threshold: technical specifications, terms of reference, selection and exclusion criteria, contract award criteria and contract performance conditions.

Where there is evidence that companies have breached obligations under environmental or social legislation when performing a public mandate, these companies can be excluded from the award procedure at any time by the commissioning party, providing that this is consistent with the principle of proportionality.

Implementation of policy and responsibilities
Requesters or requesting organisational units at GIZ in Germany and abroad initiate procurement processes with the Contracting Division or the country offices. In accordance with GIZ’s internal Processes and Regulations (P+R), as the officers responsible for the budget, requesters are responsible for producing the technical specifications/terms of reference. In doing so, they are to take note of our contractors’ sustainability performance in addition to criteria relating to the product or service. Sustainability criteria are to include
all three pillars of sustainability, i.e. social responsibility, ecological balance and economic capability. The procuring unit takes note of the requirements and coordinates the award process.

A Practitioners’ Guide is available for the units involved in the procurement process for internal guidance and is regularly updated by the Procurement and Contracting Division and the Sustainability Office. The guide provides assistance on how to draw up sustainability criteria and recommendations for action and addresses the possibility of conflicting objectives.

Ensuring compliance internally
Several internal requesters, processes and regulations ensure that procurement meets the highest sustainability criteria. Fundamental sustainability standards are already defined in GIZ’s documents that apply to all contracts and precede the sustainability criteria defined in the relevant procurement requests that refer to the specific transaction. The General Purchase Conditions (AEB) for the procurement of materials, goods and equipment and the General Terms and Conditions of Contract (AVB) for the procurement of services state that GIZ must obligate contractors to meet sustainability requirements and specifies sanctions in the event that these requirements are not met. These aspects are also included in the text of the contract when funding is involved. For construction contracts, too, contractors are required to comply with GIZ’s sustainability requirements.

Sustainability-related risks throughout the supply chain for materials, goods and equipment and in the provision of services and the performance of construction work are regularly reviewed and identified by the specialist sustainable procurement team in the Procurement and Contracting Division using systematic categories. Procurements associated with a high degree of risk are subject to corresponding sustainability criteria to reduce risk; these are reviewed on an ongoing basis, at least once every two years, and are updated where required.

The provision of the required evidence to satisfy the defined sustainability criteria is set out in the relevant award procedure; this evidence must be provided in the form of self-declarations and/or certification by conformity assessment bodies.

Staff training
Requesters at GIZ are offered special training to enable them to define sustainability criteria in the technical specifications/terms of reference.

Mandatory training courses are held to make employees in the Procurement and Contracting Division at German sites aware of the various options for integrating sustainability criteria into the award process.

Training courses are also held for employees who are responsible for procurement in GIZ’s offices abroad and for finance and administration managers.

Cooperation with our business partners
GIZ requires all business partners to comply with the legal requirements in respect of environmental and human rights. In addition, in performing the contract, they are required to comply with the General Purchase Conditions (AEB), the General Terms and Conditions of Contract (AVB) and GIZ’s sustainability requirements in the specific contract. The Guide for Practicing Corporate Sustainability (GPS) online training course provides contractors in the service sector, in particular, with information on GIZ’s sustainability management and encourages them to integrate sustainability into their own processes.

Continuous improvement
GIZ endeavours to continuously improve its performance and internal processes. This also applies to sustainable procurement.

Sustainability criteria are therefore constantly reviewed, defined and successively developed.

In Germany, there is a standardised process to integrate sustainability criteria into long-term contracts (as a rule, framework agreements for IT, vehicles, catering, etc.). Sustainability-related criteria are defined for these contracts in consultation with requesters, the Sustainability Office and the Procurement and Contracting Division. These criteria are an integral part of recurring invitations to tender and are, where possible, supplemented with more demanding or additional standards each time.

As a result of regular reports, progress and objectives in relation to sustainable procurement are published transparently and further assistance is provided by way of guidance.

The Corporate Sustainability Handprint® (CSH) is available in GIZ offices abroad. This is GIZ’s decentralised management instrument that allows the company’s sustainability performance to be recorded worldwide. Local CSH teams collect sustainability data each year to present the sustainability performance and potential for improvement of the country office concerned, including details on sustainable procurement. In the course of this, good examples are identified that may help to achieve continuous improvement.

The specialist sustainable procurement team also promotes and coordinates the exchange of lessons learned within the company.

Complaints, questions, suggestions and contacts
For GIZ, as a federally owned enterprise, compliance, transparency, prevention and transparency are guiding factors when awarding contracts. These factors are ensured within the framework of the current statutory and internal regulations. Without exception, complaints are handled confidentially.

Questions or suggestions about this policy and its implementation can be sent to GIZ via the central mailbox of the specialist sustainable procurement team (sustainable.procurement@giz.de) or via the Sustainability Office (sustainabilityoffice@giz.de).

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Notes:
1 In other countries, the highest sustainability criteria apply, adapted to the relevant country’s specific circumstances.
2 GWB: German Act against Restraints of Competition; VgV: German Regulation on the Award of Public Contracts; VOB/A: German procurement and contract regulation for the award of construction works, VOB/A-EU: Regulations for awarding contracts within the scope of the Directive 2014/24/EU.
3 See Section 97 (3) of the German Act against Restraints of Competition (GWB) and Section 2 (3) of the Regulation on Sub-threshold Procurement (UVgO).
4 See Section 124 (1) No. 1 of the German Act against Restraints of Competition (GWB).
5 https://www.giz.de/en/workingwithgiz/procurement.html

This policy sets out fundamental principles to which GIZ is committed. However, this document should not be incorrectly interpreted to the effect that it offers an independent basis for asserting contractual rights against GIZ.