

## Introduction

In this film, we are going to address the theme of responsible purchasing. To start off, let's talk about purchasing.

## 1. Purchasing

### 1.1. Why does a company purchase things ?

A logistics company will need lorries to sell its services. A car construction company will need to equip its cars. **So, purchasing is obtaining external resources to supplement skills or internal capacity in order to create maximum value.**

### 1.2. How do they buy things ?

Of course, the company will have needs it will compare to the market. The purchaser has to make the best choice, that is the "best-offer". **Which purchase will allow me to create the maximum value for my company?**

## 2. Les achats responsables

### 2.1. What is responsible purchasing ?

**It is a purchase which brings together, in a well-balanced relationship between the stakeholders, the demands, specifications and criteria in favour of protecting and promoting the environment, social progress and economic development. So, responsible purchasing responds to global performance objectives which are environmental, economic and social.**

### 2.2. Towards a long-lasting economic performance

On the economic front, responsible purchasing is the purchase which will perform the best throughout the life of the product. **The purchaser will use the total cost model. This total cost is made up of the purchasing price, i.e. the price to be paid to the supplier, but also the costs incurred by using the product, such as the costs linked to life end.** Onto this total cost, the purchaser will add the cost of risks and try to quantify these, and will also try to quantify the value added to this external resource.

### 2.3. Risk management

When a new resource is brought into the company, it brings in risk. If a product causes an accident, the company could be sued and the resulting costs of this accident will have to be paid. Given all the

risks, certain companies have not been keen to take into consideration the environmental and social risks linked to the products and services it purchases. Yet depletion of natural resources or accidents in manufacturing or production units like that of Rana Plaza reminds companies that these risks exist and they have to take them into consideration and try to limit them.

#### 2.4. Minimization of the negative externalities

Lastly, responsible purchasing seeks to minimise negative externalities. **A negative externality is the impact or consequence of our actions.** Here, the aim is to avoid social and environmental damage throughout the supply chain, in order to better respect the natural environment and the people working in factories.

### 3. How can we act ?

#### 3.1. To think about is the exact need.

The first thing to think about is the exact need. **The exact need means defining in order to be able to purchase the correct amount with the right specifications. Otherwise known as avoiding waste.** Purchasing only what we need. To do so, the purchaser must be able to intervene up the purchasing chain and not simply act during the negotiation phase where it is far too late to act effectively for the performance of the company.

#### 3.2. To look at all the stages in the life cycle of the product when it is purchased.

The purchaser will also be able to take action by looking at all the stages in the life cycle of the product when it is purchased. He will look for creating environmental, social and societal value, and will promote those responsible flows throughout the life cycle of the product, particularly during the procurement phase of on the whole supply chain, but also during the product use phase in the company, and will look for the same elements in the life end of the product in order to encourage recycling, waste recovery and to promote the circular economy.

### 4. The keys to success : act in a meaningful and insightful manner

So, what are the keys to success? How can you act in a meaningful and insightful manner?

#### 4.1. To embed your action into an existing framework.

**The first thing to do is to embed your action into an existing framework.** The ISO 20400, sustainable procurement standard, will guide purchasers in the responsible analysis of their purchases and will serve as a framework for the approach. There are other sorts of engagements. The United Nations Global Compact, the ILO conventions, the charter of responsible purchasers. All these offer guidelines for companies which they can follow when they want to undertake responsible purchasing.

#### **4.2. To embed the action into an existing legislative and ethical framework.**

The second approach is to embed the action into an existing legislative and ethical framework. Here, staff training and the setting up of the appropriate management programmes are absolutely essential.

#### **4.3. To choose according to the strategic needs of the company**

Things should be prioritised depending on the strategic needs of the company. As you can see on the screen, there are already some tools available like the one presented here, which is a matrix of materiality which allows each organisation to define its business priorities and the associated CSR challenges, which can be integrated into the purchasing policy of the company.

## **Conclusion**

To conclude, what is responsible purchasing ? It is a purchase that will be considered as soon as a need arises. It is a purchase that will be considered throughout its life cycle in order to evaluate the cost, to lower the associated risks and externalities and also to define the opportunities, to find the opportunities for creating a value linked to the product. Finally, it is to be carried out in respect of the rules and voluntary engagements of a company. To sum up in a few words, responsible purchasing is purchasing with a view to ensuring the sustainability of the company.