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This publication (and any material sourced from it) should be attributed as: DCCEEW 2024, Environmentally Sustainable Procurement Policy, Department of Climate Change, Energy, the Environment and Water, Canberra, July. CC BY 4.0.

This publication is available at <https://www.dcceew.gov.au/sustainable-procurement>

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### **Acknowledgement of Country**

We acknowledge the Traditional Owners of Country throughout Australia and recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past and present.

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# Glossary

Term	Definition
<b>Approach to market</b>	Has the same meaning as in the Commonwealth Procurement Rules
<b>AusTender</b>	Has the same meaning as in the Commonwealth Procurement Rules
<b>Circular economy</b>	The circular economy is an economic model for achieving sustainable and productive use of resources. In practice it requires reducing the use of new materials, making materials durable, repairable and safe, and collecting, reusing and recycling materials
<b>Circularity</b>	Circularity refers to the use of existing resources for as long as possible, through refurbishment, reuse, repair, recycling, and alternative methods such as leasing/renting. It reflects the principles of a circular economy
<b>Commonwealth entity</b>	Has the same meaning as set out in the <i>Public Governance, Performance and Accountability Act 2013</i> The <a href="#">PGPA Flipchart</a> is a reference of all non-corporate and corporate Commonwealth entities and Commonwealth companies
<b>Commonwealth Procurement Rules (CPRs)</b>	The rules issued by the Minister for Finance under section 105B (1) of the <i>Public Governance, Performance and Accountability Act 2013</i>
<b>Construction Services</b>	See Appendix A: Procurement Category definitions
<b>Contract</b>	Has the same meaning as in the Commonwealth Procurement Rules
<b>Corporate Commonwealth Entity</b>	Has the same meaning as set out in the <i>Public Governance, Performance and Accountability Act 2013</i>
<b>DCCEEW</b>	Refers to the Department of Climate Change, Energy, the Environment and Water, the department responsible for administering the Environmentally Sustainable Procurement Policy
<b>Embodied emissions (Embodied carbon)</b>	All greenhouse gas emissions that are released as part of creating and making a product for use. This is also referred to as 'embodied carbon'
<b>Energy efficiency</b>	Reducing the energy used to do the same amount of work
<b>Environmentally Sustainable Procurement</b>	The act of selecting goods and services that have the most positive environmental impact throughout the lifecycle and strive to minimise adverse impacts whilst helping to tackle global challenges like climate change, biodiversity loss, waste, and pollution
<b>Furniture, Fittings and Equipment (FFE)</b>	See Appendix A: Procurement Category definitions

Term	Definition
<b>Greenhouse Gas</b>	Has the same meaning as set out in the <i>National Greenhouse and Energy Reporting Act 2007</i>
<b>ICT Goods</b>	See Appendix A: Procurement Category definitions
<b>Non-corporate Commonwealth entity</b>	Has the same meaning as set out in the <i>Public Governance, Performance and Accountability Act 2013</i>
<b>Potential supplier</b>	Has the same meaning as in the Commonwealth Procurement Rules
<b>Procurement</b>	Has the same meaning as in the Commonwealth Procurement Rules
<b>Procuring official</b>	A Commonwealth official that has responsibility for purchasing a good or service on behalf of a Commonwealth entity
<b>Product-as-a-service</b>	Procuring products-as-a-service contributes to circularity by using resources more efficiently as it is more cost effective for suppliers to keep products in service longer through maintenance, repair and refurbishment
<b>Public Governance, Performance and Accountability Act 2013 (PGPA Act)</b>	<p>The <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act) establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting</p> <p>The PGPA Act applies to: Non-corporate Commonwealth entities (NCEs), Corporate Commonwealth entities (CCEs) and Commonwealth Companies (CCs)</p>
<b>Recycled content</b>	Recycled content is the proportion of recycled materials by mass in a recycled content product. As per AS 14021:2018 and ISO 14021:2016 recycled materials include pre-consumer and post-consumer material
<b>Relevant Entity</b>	Has the same meaning as in the Commonwealth Procurement Rules
<b>Standing Offer</b>	Has the same meaning as in the Commonwealth Procurement Rules
<b>Submission</b>	Has the same meaning as in the Commonwealth Procurement Rules
<b>Supplier</b>	Has the same meaning as in the Commonwealth Procurement Rules
<b>Tenderer</b>	Has the same meaning as in the Commonwealth Procurement Rules
<b>Textiles</b>	See Appendix A: Procurement Category definitions
<b>Water efficiency</b>	Using less water to achieve the same operational performance

# 1 Introduction

Australia has legislated a commitment to reduce national greenhouse gas emissions to net zero by 2050. Australia is also transitioning to a circular economy, in which products are either recycled, remanufactured, or re-used after they have served their initial purpose. The transition to a net zero and circular economy requires a shift in how we consume materials and how industry produces and delivers goods and services.

Leveraging the substantial and stable procurement spend by the Australian Government is pivotal to drive this change throughout the economy.

The Environmentally Sustainable Procurement (ESP) Policy guides decisions and allows the Government to measure the environmental outcomes from its procurements. It establishes a reporting framework which will create a baseline of environmentally sustainable procurement.

From this baseline the Government will be able to increase ambition over time.

The ESP Policy delivers on Target 4 of the National Waste Policy Action Plan. It is also a key deliverable under the Net Zero in Government Operations Strategy, which describes the approach for implementing the Australian Government's commitment to achieve net zero government operations by 2030.

**→ The Department of Climate Change Energy, the Environment and Water (DCCEEW) is the administrator of this Policy. The DCCEEW website has guidance to assist entities and suppliers with implementation.**

[www.dcceew.gov.au/sustainable-procurement](http://www.dcceew.gov.au/sustainable-procurement)

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## 1.1 Purpose of the Policy

The ESP policy will stimulate industry investment and innovation in sustainable goods and services by generating stable demand at scale.

## 1.2 Focus areas and Principles

The ESP Policy aims to improve environmental sustainability across three focus areas – climate, the environment and circularity. These areas align with the Government’s key environmental priorities and commitments.

Relevant Entities and their Suppliers are required to achieve and demonstrate climate, environmental and circularity outcomes in their procurements by applying the corresponding principles in the table below.

The principles are the desired environmental sustainability attributes of any goods or services procured under the categories that are in scope of the ESP Policy.

All or a sub-set of the principles can be applied to a procurement. Principles should be selected based on their relevance to the goods or services being procured and should take into consideration the procurement’s scale, scope and risk.

**Table 1:** Environmental sustainability focus areas and principles

Focus Areas	Climate	Environment	Circularity
<b>Principles</b>	<ul style="list-style-type: none"> <li>• minimise greenhouse gas emissions</li> <li>• optimise energy efficiency</li> <li>• use low emissions materials</li> </ul>	<ul style="list-style-type: none"> <li>• optimise water efficiency</li> <li>• use safe and renewable inputs</li> <li>• safely use and dispose of chemicals</li> <li>• actively minimise the creation of waste and the amount that is sent to landfill</li> </ul>	<ul style="list-style-type: none"> <li>• buildings and fit-outs use less materials, minimise waste, can be deconstructed and reused, are designed for adaptability and flexibility</li> <li>• goods are durable, repairable, reusable and/or recyclable</li> <li>• goods have been refurbished or existing goods are reused</li> <li>• goods contain recycled content /recycled materials are used</li> <li>• goods are recycled at the end of useful life</li> <li>• goods are returned for resource recovery through a take-back or end of life scheme</li> <li>• goods are available for lease, rent or product-as-a-service as an alternative to buying outright</li> </ul>

## 1.3 Measuring Success

The success of the ESP Policy will be measured against three key performance indicators:

1. The extent to which greenhouse gas emissions are minimised
2. The extent to which there is an increase in the use of circular economy principles
3. The number of Suppliers who are contracted to provide goods and services to the Australian Government that have a Supplier Environmental Sustainability Plan (SESP) in place.

## 1.4 Application

Non-corporate Commonwealth entities and prescribed corporate Commonwealth entities listed in section 30 of the *Public Governance, Performance and Accountability Rule 2014* (Relevant Entities) must comply with the ESP Policy.

Other Commonwealth entities are encouraged to apply the ESP Policy and contribute to the environmental aims of the policy.

The ESP Policy does not apply to Commonwealth grants or other financial arrangements.

## 1.5 Commencement

The ESP Policy commences on 1 July 2024. The second phase commences on 1 July 2025. Refer to section 2 for procurements that are in scope for each phase.

## 1.6 Accountability and Transparency

The Government holds itself to account for performance under the ESP Policy. For transparency, results against the key performance indicators will be published annually on the DCCEEW website.



## 2 Policy Implementation

### 2.1 Scope

The ESP Policy applies to four procurement categories: construction services, furniture, fittings and equipment, ICT goods and textiles. These will be phased in over two years. Refer to Table 2 below for procurement categories, thresholds and commencement date. Definitions for the procurement categories are at [Appendix A](#).

The ESP Policy only applies to procurements in these categories that are conducted in Australia. It does not apply to contracts delivered overseas in whole or in part. For clarity, the policy does not apply to procurements for the direct purposes of providing foreign assistance.

The ESP Policy applies to new approaches to market, including coordinated or cooperative procurements, released from the applicable commencement date.

Where procurements are estimated to be close to the value threshold, it is recommended that the ESP Policy be applied.

Existing contracts or deeds of standing offer that are in place prior to the applicable commencement date (1 July 2024 or 1 July 2025) are not required to be amended.

**Table 2:** Commencement for procurement categories and thresholds

Commencement date	Procurement category	Value threshold for Policy application
<b>Phase One 1 July 2024</b>	Construction Services	≥ \$7.5 million (including GST) total estimated procurement value
<b>Phase Two 1 July 2025</b>	Furniture, Fittings and Equipment	≥ \$1m (including GST) total estimated procurement value
	ICT Goods	≥ \$1m (including GST) total estimated procurement value
	Textiles	≥ \$1m (including GST) total estimated procurement value

#### 2.1.1 Panel and Standing Offer Arrangements

Reporting requirements apply to individual procurements from panels or standing offer arrangements where the procurement meets the threshold as set out in Table 2.

When establishing a panel or standing offer arrangement, Relevant Entities will be required to advise potential tenderers of the application and reporting requirements (including templates) under the ESP Policy.

## 2.2 Applying the ESP Policy to the procurement process

Relevant Entities are required to manage environmental sustainability requirements at each stage of the procurement process.

### 2.2.1 Approach to Market

When inviting Potential Suppliers to participate in a procurement to which the ESP Policy applies, Procuring Officials must specify a requirement for Tenderers to address and report against environmental sustainability, through a Supplier Environmental Sustainability Plan (SESP). The SESP is to be submitted as part of the Tender documentation.

Environmental sustainability reporting requirements (including the reporting template) are included in the SESP so that appropriate data can be collected as part of the procurement and/or project delivery. This data will be used to evaluate the environmental sustainability outcomes of the procurement.

The SESP includes questions for Tenderers to respond to, addressing:

- how they will optimise environmental sustainability in delivery of the goods or services being procured, referencing focus areas and principles in [Table 1](#)
- opportunities for innovation and how these will be considered throughout delivery of the contract
- their corporate sustainability performance – that is, how they address environmental sustainability impacts associated with their business.

Where a Tenderer addresses none of the principles in [Table 1](#), this will require explanation in the SESP when submitted with Tender.

For **Construction Services** procurements, Procuring Officials will determine whether to set a Sustainability Rating for the project that the Potential Supplier must achieve. Where a Sustainability Rating is being set, Procuring Officials will select the corresponding metrics in Option A of the SESP. Where a Sustainability Rating is not being set, Procuring Officials will select metrics in Option B of the SESP. The metrics are detailed in the ESP Policy Reporting Framework.

The SESP will be agreed to by the Procuring Official and the appointed Supplier, becoming a schedule to the contract.

Model clauses, the SESP and reporting templates are available on the [DCCEEW website](#).

### 2.2.2 Tender Evaluation

The Procuring Official must evaluate the SESP taking into consideration the Tenderer's:

- proposed approach to optimising environmental sustainability outcomes in the delivery of the potential contract
- proposed approach to substantiating environmental sustainability claims
- proposed environmental outcomes in the SESP and how they align with the focus areas and principles in [Table 1](#)
- corporate commitment to environmental sustainability.

### 2.2.3 Contract Management

The Supplier is responsible for meeting their commitments in the SESP.

Relevant Entities are responsible for confirming Suppliers have met their commitments in the SESP.

The Relevant Entity and the Supplier will review the SESP at agreed intervals to determine any perceived risks to the delivery of the SESP or opportunities for improvement. Should a variation to the SESP be required during the term of the contract, the Relevant Entity and the Supplier may agree to changes to the commitments. Any changes must align to the focus areas and principles in [Table 1](#).

## 3 Reporting

Whole of government performance against the ESP Policy will be published on the DCCEEW website annually using aggregated reported data. Data from Suppliers' SESP's will be collected using relevant metrics in the ESP Policy Reporting Framework and be used to monitor and review the effectiveness of the ESP Policy against the key performance indicators.

The ESP Policy reporting template and DCCEEW ESP Policy Reporting Tool<sup>1</sup> will be used by Suppliers and Relevant Entities to streamline data collection.

### 3.1 Reporting by Suppliers

Suppliers are required to report to Relevant Entities on all contracts to which the ESP Policy applies. Suppliers will report against the relevant metrics, using the reporting template included in the Approach to Market documentation.

For contracts that span multiple years, the Relevant Entity and Supplier will agree the frequency of reporting. At a minimum, a completed reporting template must be submitted at least twice per financial year and at the end of the contract. All metrics data reported must be actual and not estimated data.

Suppliers must also record and track this information on behalf of their subcontractors and ensure data is received from subcontractors in an accurate and timely manner to meet reporting obligations.

For the purposes of transparency, reporting and Policy reviews, Suppliers will be required to also provide the SESP to DCCEEW upon request.

Metrics for each procurement category are detailed in the ESP Policy Reporting Framework, as the categories are phased in. The ESP Policy Framework is available on the [DCCEEW website](#).

### 3.2 Reporting by Relevant Entities

Relevant Entities are required to ensure Suppliers provide the required reporting against the relevant metrics in a timely manner.

Relevant Entities are responsible for undertaking appropriate assurance activities to ensure that the data provided by the Supplier in their reports is complete and accurate, and ensure data is collected and shared responsibly.

Relevant Entities are required to submit Suppliers' reports to DCCEEW every six (6) months (February and August) to facilitate whole of government reporting as detailed in Section 3.3.

The DCCEEW ESP Policy Reporting Tool will allow reports to be submitted at any time.

### 3.3 Whole of government reporting

DCCEEW will aggregate the reporting from all Relevant Entities to create a whole of government report against the ESP Policy. The whole of government report will be published on the DCCEEW website annually, detailing results against the [ESP Policy key performance indicators](#). These results will be calculated using the data from relevant metrics included in reports provided by Relevant Entities at 3.2 above.

DCCEEW reserves the right to consider and make any necessary changes to reporting against the ESP Policy. This may include, but is not limited to, making updates to the SESP templates, ESP Policy Reporting Framework and/or DCCEEW ESP Policy Reporting Tool to be used by Suppliers and Relevant Entities.

### 3.4 Targets

Data from the metrics reported against the ESP Policy Reporting Framework will be used to establish a baseline of environmental sustainability in Australian Government procurements. Baseline data may be used to establish targets for inclusion in future iterations of the ESP Policy.

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<sup>1</sup> The DCCEEW ESP Policy Reporting Tool is an internal reporting system accessible to Relevant Entities and not publicly available.

## 4 Compliance

Relevant Entities must manage environmental sustainability requirements within each stage of the procurement process. Entities are encouraged to embed environmental sustainability considerations in their procurement framework, procurement documentation and contract management processes to assist Procuring Officials implement the ESP Policy and to support monitoring and reporting.

Relevant Entities are responsible for monitoring and managing performance of Suppliers in relation to the ESP Policy.

Entities may benefit from developing an environmentally sustainable procurement action plan and/or appointing a Senior Responsible Officer to monitor and support compliance with the ESP Policy.

## 5 Roles and Responsibilities

Who	Roles and responsibilities
<p><b>Department of Climate Change, Energy, the Environment and Water</b></p>	<p>DCCEEW is responsible for administering the ESP policy. This includes:</p> <ul style="list-style-type: none"> <li>• Developing and publishing guidance to support entities and Suppliers to implement the policy.</li> <li>• Building entity and Supplier capability in environmentally sustainable procurement through education and advocacy activities.</li> <li>• Promoting and raising awareness of the policy.</li> <li>• Publishing whole of government performance against the policy.</li> <li>• Monitoring and reviewing the effectiveness of the policy against the key performance indicators.</li> <li>• Developing metrics to measure performance against Construction Services, ICT goods, textiles, and furniture, fittings and equipment procurement categories.</li> <li>• Support tenderers and Suppliers to understand the policy requirements.</li> <li>• Supporting entity compliance with the policy through education and advocacy activities.</li> </ul>
<p><b>Department of Finance</b></p>	<p>The Department of Finance is responsible for the Commonwealth Procurement Framework including the Commonwealth Procurement Rules and AusTender. The Department of Finance provides advice to Relevant Entities on the Commonwealth Procurement Framework.</p>
<p><b>Relevant Entities</b></p>	<p>Relevant Entities are responsible for their compliance with the ESP Policy. This includes:</p> <ul style="list-style-type: none"> <li>• Ensuring procuring officials, contract managers and panel/standing offer managers understand their obligations under the policy and ensuring tenderers are aware of requirements under the policy in line with the policy intent.</li> <li>• Providing quality assured reports against the environmental sustainability outcomes in a Supplier’s SESP.</li> <li>• Ensuring contract managers monitor and manage performance of Suppliers in relation to the policy.</li> </ul>
<p><b>Suppliers</b></p>	<p>Suppliers are responsible for delivering commitments and providing accurate and complete reporting against environmental sustainability metrics included in their SESP. Throughout the contract delivery, Suppliers must raise any risks of not meeting commitments in the SESP with the procuring entity.</p> <p>The Supplier reports to the Relevant Entity and is responsible for responding in a timely manner to the Relevant Entity and/or DCCEEW for all requests, including for reporting or other information.</p>

# Appendix A: Procurement Category definitions

Term	Definition	Example
<b>Construction services</b>	Construction Services as defined in the <a href="#">Commonwealth Procurement Rules</a> and related design	<ul style="list-style-type: none"> <li>• new buildings</li> <li>• major refurbishments</li> <li>• infrastructure (roads, pavement, airfields, utilities)</li> <li>• fit-outs of owned or leased buildings</li> <li>• demolitions</li> <li>• landscaping and earthworks</li> </ul>
<b>Furniture, Fittings and Equipment (FFE)</b>	Operating assets that have no permanent connection to the structure of a building	<p><b>Applies to:</b></p> <ul style="list-style-type: none"> <li>• offices</li> <li>• living-in accommodation</li> <li>• kitchens</li> <li>• dining halls</li> <li>• laundries</li> <li>• gyms</li> <li>• workshops</li> <li>• other occupied buildings</li> </ul> <p><b>Includes:</b></p> <ul style="list-style-type: none"> <li>• office desks and chairs</li> <li>• workstations</li> <li>• partitioning</li> <li>• shelving</li> <li>• storage solutions</li> <li>• domestic and commercial appliances</li> <li>• beds and living-in furniture</li> <li>• dining hall furniture</li> <li>• lighting</li> <li>• other equipment</li> </ul>
<b>Textiles</b>	Fibres, threads, yarns, fabrics and leather materials and the goods made from these materials	<ul style="list-style-type: none"> <li>• uniforms such as shirts, trousers, skirts, dresses, jackets, footwear, and hats</li> <li>• carpets</li> <li>• bedding</li> <li>• other textiles</li> </ul>
<b>ICT Goods</b>	Computers and peripheral equipment; communication equipment; consumer electronic equipment; electronic components; and other information and technology goods	<ul style="list-style-type: none"> <li>• laptop and desktop computers</li> <li>• mainframes</li> <li>• phones and tablets</li> <li>• monitors</li> <li>• servers</li> <li>• printers</li> <li>• other ICT hardware and accessories</li> </ul>

