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BIAB International Sustainable Procurement Policies

Within procurement and supplies BIAB International's definition of 'best value' is the optimum combination of whole life costs and benefits to meet the customer's requirements. This approach enables sustainability and quality to be taken into account. For example, the consideration of whole life costs allows factors such as consideration to environment when choosing the products, packing material and logistics solutions.

Sustainable procurement is the main consideration of acquiring goods and services from our sub-suppliers, especially those with maximum possible ambitions to the optimum combination of whole life costs and benefits to meet our customer's requirement. When and where applicable, we demand internationally recognized certificates and warranties from the manufacturers

We strive to achieve sustainable procurement process whereby our customers can meet their needs for goods and services in a way that achieves value for money on a whole life basis in terms of generating benefits not only to our clients, but also to the regions and to the societies they are connected to, whilst minimizing damage to the environment.

Our sustainable procurement policies are to keep a close watch on our sub-suppliers on environmental, social and economic of consequences, such as: Design, raw material use; manufacture and production methods; logistics solutions and so forth.

BIAB International is of the opinion that environmental, social and economic cost benefits of alternative procurement/supply decisions should be considered when placing a purchase and supply orders from us. We always try to contribute through applying different alternative solutions, beneficial to the local economy by local suppliers, logistics providers in the private sector, those abiding by the laws and regulations of the country they are incorporated in.

How do we practice to comply with our ambitions of sustainable supply policies? Some of the main features are:

Price and Quality (Value for money)

- Greater outputs for less or same value.
- Extending our network of suppliers and comparing prices and qualities from different manufacturers.
- Exploring a wide and diverse supply market and resources.
- Use of pre-qualified manufacturers and suppliers. We engage Internationally renowned inspection and testing companies to inspect and check the production, working and environment conditions and finally the finished products. All prior to dispatch from the factories.
- Close collaboration is maintained with the suppliers to reduce costs and maintain quality before placing the orders with them

- Sub-dividing large contracts into separate lots where this can be justified in terms of cost and to shorten the time of delivery.
- Weightings for quality and price, including sustainability, as part of best value criteria for overall evaluation.
- When and where necessary apply Universal design on the products. This means that such a product can be used everywhere and by everyone, even those with physical disabilities.

Environmental considerations

- Preference of sub-supplier, especially those who are prepared to follow a sustainable production strategy, in compliance to our ambitions and policies.
- Our sub-suppliers should constantly work for reduction of energy in the production process.
- Raw material waste reduction in the process of production.
- Production sites and plants who seek to implement the sustainability production policies, for example, use as much as possible recyclables/re-usable raw material, yet fully complying with the specifications of the products and without any what-so-ever undermining quality.
- Our clear ambition to apply sustainable considerations in the overall evaluation of the products and their manufacturers.

Social and Community improvements

We strive to prefer such sub-suppliers in procurement process who are able to submit prices for the products that may also benefit the community they belong to, whilst providing added value to our customers and to the communities where the products will be consumed. When and where applicable, we request our sub-suppliers to fill a supplier questionnaire form, containing some of the following points.

- Their quality assessment routines and check-ups.
- Workforce related criteria, for example job satisfaction, working conditions, facilities to the staff etc.
- No child labour or forced labour policies and agreements.
- Their attitude and policies to safeguard environment.

Ethical/Reputational

- Our sub-suppliers should refrain from using raw material harmful to the environment.
- The sub-supplier do not test the products on animals, especially where alternatives are available that are of equal quality and are comparable in price.
- Consider animal welfare when purchasing products i.e. we strive to purchase the products that ensures the welfare of animals

- We prefer the purchase of products from the factories where the staffs are fairly paid and they work in good conditions, particularly where the products originate from developing countries.

Business practice

In our Procurement policies we identify the following factors as contribution to the business practice for sustainable procurement:

1. Achieving strategic objectives
 2. Environmental friendly attitude and policies
 3. Controlling costs
 4. Managing risk and reputation
 5. Creating markets
 6. Drivers behind sustainable procurement policies
- **Achieving strategic objectives**
Sustainable procurement can play a key role in achieving the sustainable objectives. These policies are to be our objectives and/or in our supply strategies, giving preference to social and environmental considerations. This strategy is seen by our customers as a mode through which they can contribute to promote sustainable development in the countries and regions they operate in.
 - **Environmental friendly attitude and policies**
There is a growing need to adopt environmental friendly attitude and thinking that must be given highest preference when making supply decisions.
 - **Controlling costs**
In the past "green products" lacked the quality that was required and this contributed to the view that Best Value was not being achieved through greener procurement. The quality of most greener products is now being improved and this coupled with a whole life costing approach can demonstrate that cost savings can be achieved.

Continuing improvements in environmental friendly raw material and production process can itself bring about cost savings through reducing waste. Awareness in functionally efficient design and production, application of greater percentage of material re-use and use of recycled material, without undermining the quality or specifications, can lead to cost savings. Whole life costs can be significantly reduced with energy efficient production process, especially taking into account recent increases in energy costs.
 - **Managing risk and reputation**
Poor performance on the part of sub-suppliers can result in unwelcome press on us as a supplier and this is to be avoided and watched closely, thorough inspection during the production and by financial inspection, prior to dispatch from the factories.
 - **Creating markets**
We at BIAB International believe that sustainable procurement and supplies can create additional demand for the products supplied by us. This will give us extra advantage in competing with suppliers who do not apply the same policies in their business transactions.
 - a. We encourage our sub-suppliers to invest in new technologies and in containing internationally recognized certificates.
 - b. We encourage our suppliers to develop new products with higher environmental friendly specifications
 - c. Our suppliers should stimulate markets for recycled products or those with high recycled material content.

- d. Our suppliers should find solutions for delivering the products at lower costs, yet environment friendly.
 - e. We constantly work in the direction to ensure security an reliability of supply in time.
- **Drivers behind sustainable procurement policies.**
The main drivers for achieving sustainable procurement include:
 - 1. Our customers' strategies and struggle for sustainable development, especially in the developing countries.
 - 2. Encouragement from our clients to realize the importance of ordering products through sustainable procurement policies.
 - 3. Our ambitions as a supplier are that our products and services lead to improvement of living conditions and necessities of the end-users.

BIAB International AB, Gothenburg August 2016



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