GREEN PROCUREMENT GUIDELINES

Abridged version

Hamburg

The Green Procurement Guidelines of the Free and Hanseatic City of Hamburg (Green Procurement Guidelines)

Abridged version

1 Introduction

With the Senate resolution of 19 January 2016, the "Green Procurement Guidelines of the Free and Hanseatic City of Hamburg", or Green Procurement Guidelines for short, became mandatory for procurement by public institutions and agencies in Hamburg. The guidelines help Hamburg's contracting and procurement departments to take into account environmental aspects in tendering and contracting procedures.

The City of Hamburg makes purchases totalling around €250 million each year, excluding the construction sector. In this context, green procurement means that contracting and procurement departments award contracts for products and services that have a lower environmental impact throughout their life cycle than other goods and services having the same function or purpose. The Green Procurement Guidelines passed by Hamburg's Senate is a 150-page catalogue of criteria that defines ecological standards for goods to be procured, from printer paper, light bulbs and cleaning agents to wall paint and company cars.

In addition to these mandatory environmental criteria, the City of Hamburg has also adopted a negative list of products that contracting and procurement departments may no longer purchase. By adopting this negative list, Hamburg takes responsibility for protecting the climate and the environment, acting as a role model in the implementation of the climate change objectives that have been set.

2 The advantages of green procurement

Procuring environmentally friendly products and services means making efficient and economic use of energy and resources; causing fewer pollutants; and increasing demand for green goods and services. In addition, the decision to procure green alternatives is also the more economic option.

With a purchasing power of several hundred millions of euros per annum, contracting authorities exert a significant influence on suppliers and manufacturers. In this connection, the environmental demands made by public authorities provide the impetus for innovative products and services that are far greener and more economic in the medium to long term while serving the same purpose. All customer groups benefit from this development, and public authorities live up to their function as role models.

With some product groups, such as street lighting and local public transport, contracting authorities represent the largest customer group. Their increased demand for environmental and economic services encourages the market to embrace these requirements through innovation; at the same time, they are prepared to support market developments by applying innovative solutions.

Green procurement helps avoid pollutant emissions such as particulate matter and carbon dioxide, and reduces the use of hazardous substances. The procurement of products that are durable, reparable and recyclable, for example, also helps to protect resources. Last but not least, it is worth mentioning health and safety, which is enhanced by the purchase of products such as low-emission carpets, paints and printers or low-noise machinery and equipment.

Products and goods made from renewable raw materials meet environmental standards in a special way: wood and other biomass absorb carbon dioxide and offer a high security of supply, due to their global mass distribution. Renewable raw materials can be used to make a wide range of products, including building materials, paper, cardboard, materials, dyes and lubricants, as well as intermediates and end products for the chemical industry, pharmaceutical products, cosmetics and textiles.

Public institutions and agencies also benefit economically if they base their procurement decisions also on environmental criteria. As a rule, a green product is less costly over its life cycle with regard to its procurement, use, maintenance and disposal than a comparable product without any environmental characteristics.

3 Scope of the Green Procurement Guidelines

Public authorities procure products and services in multi-stage award procedures. Hamburg's Green Procurement Guidelines explain to the city's contracting and procurement departments when and which environmental criteria can be applied to procurements, and which criteria should be focused on. Application of the environmental criteria listed is mandatory in Hamburg.

In the interests of the transparent, efficient and economical use of public funds, public institutions and agencies may only make purchases in the context of an award procedure. Several steps governed by public procurement law – from an analysis of needs and the preparation of specifications to the examination of tenders and the awarding of contracts – must be taken before an award is made to the tenderer for the delivery of a product or the performance of a service.

Public procurement law regulates the following principles:

- The principle of competition
- The requirement for transparency → Tenderers must be informed of the criteria in the award procedure and of the terms of the contract to be concluded
- The prohibition of discrimination and the principle of equal treatment of tenderers
- Promotion of the interests of medium-sized enterprises
- Awarding of contracts to skilled, efficient, reliable and law-abiding tenderers
- The principle of economic efficiency → The contract should be awarded to the most economically advantageous tender – not necessarily the tender with the lowest price

In Hamburg, the environmental criteria laid down in the Green Procurement Guidelines must additionally be included in award procedures as of 2016. Exceptions to these Guidelines will only be granted if it can be demonstrated that no (suitable) green products or services are available. In such cases, such proof shall be documented.

↗ The Green Procurement Guidelines apply to supply contracts (products):

1. **Direct purchases worth up to €500**
   It is recommended to apply the Green Procurement Guidelines. If environmental criteria are disregarded, the reasons may be documented on a voluntary basis.

2. **Procurements worth between €500 and €10,000**
   The Green Procurement Guidelines must be applied. The reasons for any deviation from the provisions must be documented on the explanation sheet and filed away.

3. **Procurements worth more than €10,000**
   The Green Procurement Guidelines must be applied. The reasons for any deviation from the provisions must be documented on the explanation sheet and filed away. The explanation sheets shall be requested annually for evaluation by the City of Hamburg's Ministry for Environment and Energy.

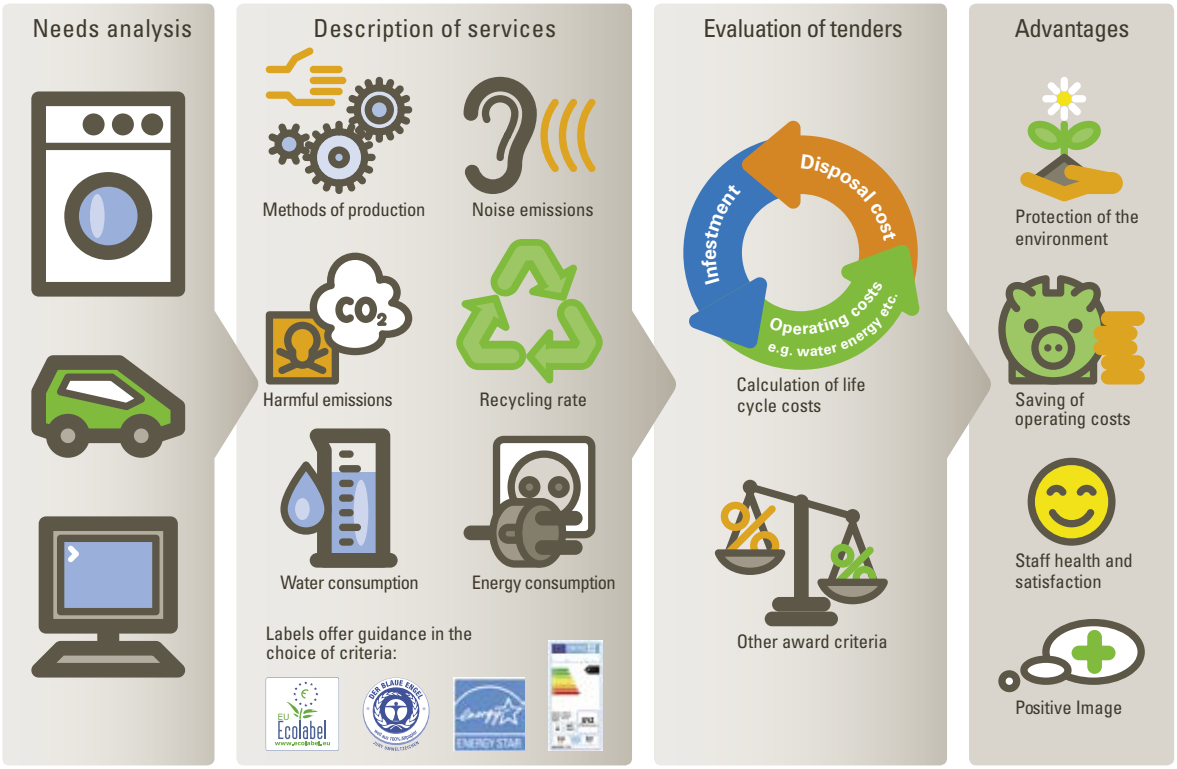
↗ The Green Procurement Guidelines will be introduced in construction contract law for the procurement of construction work and should be taken into account as far as possible.

↗ The general environmental criteria also apply to products that are not explicitly listed in the Green Procurement Guidelines.

↗ Public enterprises are recommended to use the Green Procurement Guidelines for guidance purposes when making procurements.

4 Environmental requirements in the award procedure

Environmental criteria can be taken into account at various points of the multi-stage award procedure. Interaction between end-users and contracting departments is essential, from the needs analysis to order processing and evaluation, if required. Those involved in the procurement process bear a great deal of responsibility for making green and economical purchases, for providing products and services that are acceptable to users, and finally for encouraging the market to develop environmentally sound products and services.



4.1 Needs analysis

What function is required? What objective is to be achieved? Which requirements are already in place? – Answers to questions such as these, i.e. the needs analysis, are essential for the actual procurement, and have an impact on institutions' and companies' budget, environmental balance and motivation to protect the climate and the environment.

What needs must be met?

- Is it possible to continue using existing products or can they perhaps be repaired, reworked or updated?
  → For example, in the case of buildings, furniture and in IT

- Can the products required be shared with other departments?
  → For example, in the case of canteens and fleets of vehicles

- Does the product have to be purchased or can an appropriate service be used?
  → For example, car sharing instead of owning a fleet of vehicles, awarding contracts to a printing plant instead of maintaining one's own printing machines, energy-saving contracting instead of investing in one's own energy supply technology

- What dimensions must the product to be procured have?
  → For example, the size and performance of a vehicle, the capacity of IT devices, the functions of technical equipment

- Which type of contract should be chosen?
  → For example, purchase, rental or leasing

- Which technical concept is most suitable?
  → For example, a vehicle with a propulsion system that runs on natural gas, petrol or electricity, a centralised or decentralised light control system

- Does central procurement generate advantages?
  → For example, with regard to price, expertise or the conclusion of contracts

4.2 Specifications

Once the need for a certain service or product has been determined, the requirements applying to the item to be procured are described. What functions and objectives are to be achieved? What are the minimum general and environmental requirements that must be met?

The specifications may contain (environmental) minimum requirements applying to the product or service that must be met by the tenderer. In the case of non-compliance, this can lead to a tender being excluded from the award procedure.

The specifications may also include a definition of green award (assessment) criteria that can be used to identify the most economically advantageous tender. Information must also be provided on how these criteria are weighted.

Criteria that mark the environmental quality of a product can be taken from detailed descriptions of ecolabels. A good example of this is the "Blue Angel" quality label, which defines environmental requirements for many product groups.

According to the Regulation on the Award of Public Contracts (Section 34 VgV Furnishing of proof by means of quality labels), contracting authorities are entitled to request the presentation of ecolabels, which can be taken as evidence of the requirements stated in the specifications. Contracting authorities must also accept ecolabels that impose equivalent requirements on the service or product to be provided.

↗ **An example of environmental criteria contained in Hamburg's Green Procurement Guidelines: 'Should-meet' criteria for the energy consumption of hard-disk DVD recorders:**

- Power consumption in standby-passive mode may not exceed 0.5 W.
- Power consumption in standby-active mode (high availability) with timer programming may not exceed 2.0 W.
- If it has a quick-start function, power consumption in standby-active mode (low availability) with quick-start function may not exceed 9.0 W.
- Power consumption in ON mode may not exceed 25.0 W. This value applies to recording and playback modes.

4.3 Aptitude test

In the invitation to tender for a product or service, the contracting authority also formulates requirements applying to the tenderer or contractor. These eligibility criteria are reviewed in the award procedure before the actual tender is assessed.

In order to verify a tenderer's expertise, contracting authorities draw on references stating whether the tenderer has already successfully implemented similar tenders in the past.

In the case of green procurement, information about the tenderer's environmental management is also reviewed. The objective is to include the environmental requirements that the tenderer has set itself in the order processing and, if applicable, insist on their compliance.

The aim of an environmental management system is to coordinate and manage the activities undertaken by a company to reduce its environmental impact. The objectives, rules, responsibilities, practices, etc. for implementing the corporate environmental policy are systematically presented and periodically reviewed. An audit carried out by an independent, external inspector certifies that the environmental management system functions according to certain standards or systems.

As evidence of a functioning environmental management system, the contracting authority can require the tenderer to provide certification in accordance with the European environmental management system (Eco Management and Audit Scheme) or other European or international standards such as DIN EN ISO 14001 or ECOPROFIT (Ecological Project for Integrated Environmental Protection).

In the process, equivalent environmental management measures will be accepted, provided that the tenderer can prove its inability to furnish the stipulated certification. This regulation complies with the principle of non-discrimination. A self-declaration by the tenderer concerning compliance with the stipulated environmental requirements will not suffice.

4.4 Evaluation of tenders

All tenders submitted within an award procedure are checked for their compliance with the requirements. Tenders that meet the mandatory requirements are subsequently assessed with regard to their economic efficiency. The most economically advantageous tender is awarded the contract. Not only the acquisition costs, but also the costs incurred by a product or service throughout its life cycle should play a role in this decision.

First of all, tenderers that fail to meet the eligibility criteria are excluded from the evaluation. Tenders that failed to reach the procurement department in the proper form within the time prescribed or that do not contain the (subsequently) requested documentation are likewise excluded from the award procedure.

When evaluating tenders, contracting authorities consider the criteria concerning environmental protection and energy efficiency contained in the specifications.

Contracting authorities can request the presentation of certain quality labels, such as the 'Blue Angel' label, as evidence of a tender's compliance with the specifications. In this respect, other quality labels that place equivalent demands on the product or service must also be accepted. Other supporting documents concerning quality must also be accepted, provided that the tenderer can prove that it is unable to obtain the stipulated quality label.

The most economically advantageous tender of those remaining is awarded the contract. The best value for money also plays the decisive role in the case of green procurement.

Life cycle assessment

Contracting authorities may specify that the award criterion of 'cost' or economic efficiency must be calculated on the basis of the life cycle costs of the product or service. The contracting authority must ensure that the tender dossier contains details about the method of calculation and the information that must be provided by the company.

When comparing purchase prices, conventional products and services often appear to be more favourable. This first impression may change when considering the costs throughout the life cycle: the total amount required to purchase, operate and dispose of a product with a defined service life is often lower in the case of green alternatives. Life cycle assessments reveal any hidden subsequent costs, which can render uneconomical a product that at first sight appeared to be the least expensive option.

In the case of power-consuming devices, simple calculation tools can be used to determine the life cycle costs. To achieve this, the following information is required:

↗ **The contracting authority must define:**

- The entire service life (based on the product group or AfA tax depreciation tables, for instance)
- The electricity procurement price
- The expected increase in electricity prices (optional)
- Discount rate (optional)

↗ **The tenderer must state:**

- The cost of purchasing the product or service
- Factors that influence operating costs, such as the consumption of electricity, heat, fuel or water
- Additional costs, such as for maintenance, disposal or insurance

Although the result of the life cycle cost analysis provides a basis for comparing tenders, it does not reflect the costs actually incurred over the assumed period.

Contracting authorities may base their decision to award a contract exclusively on the results of the life cycle cost estimate.

A life cycle cost analysis is particularly useful as a decisive assessment criterion in the procurement of energy-intensive devices and systems (e.g. IT, lighting, energy supply technology), because these items usually generate high operating costs in their life cycle.

Contracting authorities may also draw on additional criteria, e.g. as regards the quality of a product or social attributes related to the product (such as how it was manufactured or fair trade).

Costs to be borne by the public may also be used in the procurement decision. Examples of such costs include costs for injury to health due to pollutant emissions or costs for curbing climate change. However, it is not very feasible to assess such costs because there are not any scientifically based methods for quantifying and calculating such costs as yet, nor any legal provisions.

Assessment matrix

Assessment matrices may be used if several assessment criteria are to be applied simultaneously for comparing bids, such as environmental compatibility and quality in addition to the purchase price or life cycle costs.

An assessment matrix portrays the criteria to be compared in an abstract, systematically manner, producing an objective result.

First of all, points must be defined for various degrees of fulfilment for each requirement/assessment criterion, e. g. ranked on the basis of school grades ‘very good’ = 5 points to ‘fair’ = 2 points. If a criterion was not met at all, 0 points are awarded. A maximum number of points that can be obtained for each criterion should also be specified.

In order to assess an extensive tender, the criteria must be weighted, e.g.:

- Life cycle costs 60 %
- Pollutant emissions 15 %
- Quality 15 %
- Service 10 %

The tender dossier must contain information about the assessment criteria, how they are weighted and, if applicable, about the evaluation scheme used to compare tenders.

The differentiated method of evaluation may enable tenderers that meet high environmental standards on account of their corporate policy to obtain a higher score. They enhance their chances of winning contracts by offering environmentally compatible products and services.

4.5 Conditions of implementation

The contractor may be obliged to adhere to environmental conditions when executing the contract, provided that these are associated with the item of procurement.

It is not possible to require a furniture manufacturer to offer organic food in its canteen in order to be awarded a contract for the supply of furniture. However, it is possible to require a tenderer of cleaning services to train its cleaning staff on matters concerning environmental standards in the cleaning sector.

The conditions of implementation must be specified in the tender dossier, e.g.:

- The green delivery of goods, e.g. deliveries outside the rush hour
- The return, recycling or reuse of waste/packaging
- In the event of recurring deliveries, a regular report on carbon dioxide emissions caused by the product delivery, stating the measures taken to reduce emissions for the contract duration
- The use of reusable containers for transportation purposes
- The provision of training on environmental aspects to the contractor's staff
- The provision of product information for the user
- The application of specific environmental management measures, e.g. according to the EMAS or ISO 14001 systems
- Minimisation of the waste produced while executing the contract, e.g. by setting specific targets or defining maximum quantities with respective penalty/bonus clauses
- The use of dosage aids to ensure that suitable quantities of cleaning agents are used
- The efficient on-site use of resources such as electricity and water.

5 Environmental criteria

The Green Procurement Guidelines mention environmental criteria for procurement that meet the minimum requirements of recognised ecolabels, identifying environmentally sound and high-quality products and services. In this connection, a differentiation is made between general environmental criteria that must be applied and specific environmental criteria for certain product groups. In many cases, the environmental criteria contained in the Green Procurement Guidelines refer to the requirements applying to the 'Blue Angel' ecolabel.

The requirements in the Green Procurement Guidelines and on which ecolabels are based must be in compliance with procurement law:

- The requirements must refer to the characteristics of the designated products and services.
- The requirements must be based on objectively verifiable and non-discriminatory criteria.
- The requirements must have been defined by external agencies that cannot be significantly influenced by the manufacturer of a product or the provider of a service.
- Ecolabels must have been developed in the context of an open and transparent process in which all interested parties were able to participate.
- The quality label must be accessible to all companies concerned.

The 'Blue Angel' ecolabel

The most well-known ecolabel in Germany is the 'Blue Angel'. The Federal Environment Agency issues this ecolabel for around 130 different product groups. In total, more than 12,000 products and services provided by some 1,500 companies meet the requirements of this ecolabel.

The Green Procurement Guidelines concentrate on the minimum requirements applicable to the item of procurement, which are defined in the specifications. A differentiation is made as to whether these requirements **should** or **could** be specified.

- The application of 'should-meet' criteria is mandatory. They may only be disregarded by way of exception.
- It is incumbent upon the procurer to apply 'could-meet' criteria. In this respect, 'could-meet' criteria may also be award criteria.

The Green Procurement Guidelines recommend taking into account the life cycle costs for products involving high subsequent costs related to their use, maintenance and disposal. For appropriate product groups, the Guidelines refer to calculation tools for analysing life cycle costs.

It is left to the discretion of the contracting authority to define any additional and more stringent environmental requirements in a procurement process. The environmental requirements must always be sufficiently objective and intelligible, and must refer to the item of procurement.

↗ **General environmental criteria contained in the Green Procurement Guidelines**

- Handling of ecolabels
- Packaging
- Reparability
- Recyclable design
- Transportation (delivery, carriage)
- Environmental management systems
- Life cycle cost analysis

The Green Procurement Guidelines mention specific environmental requirements for selected product groups. In order to support the procurer, reference is made to the central contracting departments responsible for each product group.

The Green Procurement Guidelines designate specific environmental criteria for 19 product groups:

- All kinds of office supplies (e. g. paper, paper clips)
- Furniture (e.g. shelves, cabinets)
- Electronics, consumables (e.g. projectors, television sets)
- Recovery and disposal services (e.g. waste furniture, wood waste)
- Sanitary products (e.g. tissue-paper products, towel dispensers)
- IT (e.g. desktop computers, screens)
- Interior lighting (e.g. lamps)
- Varnishes and paint (e.g. wall paint)
- Food (e.g. dairy products, vegetables)
- Printed matter (e.g. brochures, flyers)
- Postal services (e.g. mailing campaigns)
- Medical consumables and devices, including maintenance and repairs (e.g. examination gloves)
- All kinds of motor vehicles (purchase, leasing and rental) and car tyres
- Wooden and derived timber products (e.g. slatted frames)
- Cleaning services (e.g. floors, window sills)
- Everything related to greenery (e.g. cut flowers, ornamental plants)
- Clothing, textiles, linen, footwear, laundry and repairs
- White goods and kitchen appliances (e.g. washing machines, kettles)
- Tools and material, craftsmen's needs, floor coverings, wall paint and other materials for interior construction

6 Negative list

The Green Procurement Guidelines list seven products and product components that should not be procured as a matter of principle in Hamburg. This negative list is designed to prevent the occurrence of certain negative environmental impacts.

↗ **So far, the negative list contains the following products and product components:**

- Appliances for making hot drinks involving the use of portion packs, such as capsule coffee machines
- Mineral water, beer and soft drinks sold in one-way packaging. This also applies to one-way packaging for which a compulsory deposit is charged. Exceptions to this are carton packaging, tubular bag packaging and stand-up foil pouches
- Disposable crockery and cutlery in canteens and cafeterias
- Products with transport packaging made of cardboard containing less than 80% recycled material (mass)
- Chlorinated cleaning agents as well as drop-in tank toilet fresheners and air fresheners
- Equipment for heating and cooling air outside enclosed spaces, e.g. gas mushroom heaters, similar electric radiating systems and air conditioning units. Heating devices required for winter construction work are an exception
- Heavy metal based colourants.

7 Exchange at stakeholder conferences

The Green Procurement Guidelines refer to industry-specific stakeholder conferences that bring together end-users, procurement departments and manufacturers of products and providers of services in the context of a procurement project. The aim of stakeholder conferences is to enable the participants to exchange views on current developments in the market, innovations and environmental requirements applying to products and services.

Contracting and procurement departments make use of stakeholder conferences to strategically prepare an invitation to tender for an item of procurement. Those present exchange information about the experience and knowledge gained from past procurement processes, helping to ensure that the forthcoming procurement project is designed in keeping with the market and their goals to the greatest extent possible.

↗ **Green topics often discussed at stakeholder conferences include:**

- Do green alternatives to certain 'conventional' products already exist?
- Have certain products already been certified with regard to their environmental compatibility?
- Should only some of the certified environmental properties be included in the specifications?
- Can packaging made entirely from recyclable materials be used?

It should be made clear to all participants in the invitation, and in the detailed minutes, that the topics discussed at a stakeholder conference are neither binding nor mandatory for the contracting or procurement department. The minutes of a stakeholder conference are published as a constituent part of tendering or contracting dossiers to ensure that all potential tenderers are aware of the state of play.

8 Further information

Further information about green procurement in Hamburg and contact details can be found on the website of the Ministry for Environment and Energy of the Free and Hanseatic City of Hamburg at www.hamburg.de/umweltgerechte-beschaffung.

The complete version of the 'Green Procurement Guidelines of the Free and Hanseatic City of Hamburg' can be downloaded from the website free of charge.

Information about purchasing in Hamburg is available at www.hamburg.de/einkauf-hamburg

Imprint

Published by:
Freie und Hansestadt Hamburg
Behörde für Umwelt und Energie
Neuenfelder Straße 19, 21109 Hamburg
umweltleitfaden@bue.hamburg.de

Edited by:
Berliner Energieagentur GmbH
Französische Str. 23, 10117 Berlin
Telefon 030 293330 – 0
Telefax 030 293330 – 99
E-mail: office@berliner-e-agentur.de

Illustration credits:
fotolia: Titelbild (notkoo2008, bimbim, S. 2 world enviromental concept – Usa, S. 12(1) Siegi, S. 13(1) Andi.es, 13(2) svort, 13(3) anoli, 13(4) fineart-collection
i-stock: S. 12(2) bernd jonas, S. 13(1) leonard_c, S. 14 ismagilov

Layout:
Landesbetrieb Geoinformation und Vermessung

Translation:
Teresa Gehrs, LinguaConnect

Last amended: Juni 2016

The 'Green Procurement Guidelines of the Free and Hanseatic City of Hamburg' were published in January 2016. Research into the data and facts contained therein commenced in 2012. The Green Procurement Guidelines mention legal bases and environmental criteria that may since, in specific cases, have been updated or amended, or may no longer be applicable. For this reason, the publication will be reviewed on an annual basis and adapted if applicable. If you have any questions or remarks concerning the publication, please contact: umweltleitfaden@bue.hamburg.de

Behörde für Umwelt und Energie
Neuenfelder Straße 19
21109 Hamburg
Tel: 040 / 4 28 40 - 0
www.hamburg.de/bue

Hamburg | Ministry of Environment and Energy