

# Charter for the Integration of CSR in Public Procurement

## The Shared Challenge of Corporate Social Responsibility

*Demands for our economy to operate in a more responsible manner are undoubtedly growing across all contemporary societies. The financial and ecological crises that have occurred since the start of the 21<sup>st</sup> century have reinforced this trend.*

*No-one is immune from these demands, driven both by the associative world (consumers, ecologists, and whistleblowers into corruption, defenders of human rights, etc.), by trade unions (such as those in France that participated in the OECD's Point of Contact program, receiving complaints about the international business operations of French companies) as well as by representatives of the business world (with organizations including the Young Business Leaders' Center (CJD), the College of Directors of Sustainable Development, Orée, The Corporate Social Responsibility Observatory (ORSE), Comité 21, Enterprises for the Environment (EPE), etc.) Moreover, it is not a trend driven only by major corporations (and passed on to their suppliers) as it can be observed that sectors overwhelmingly composed of small businesses, such as cleaning companies, beauty salons, or tile and brick manufacturers are also engaging in demanding CSR labeling initiatives.*

*Does this come as a surprise? No, because in practice, CSR (Corporate Social Responsibility) is a quality process encompassing the identification of social and environmental risks, in terms of human rights and corruption, that the business or organization is likely to pose, as a result of its direct or indirect actions, to its ecosystem (employees, customers, suppliers and neighbors), with a positive feedback loop with regard to financial benefits (avoiding fines), economic benefits (increased market share), and reputational benefits. A recent study published by France-Stratégie identified, with others, a correlation between CSR policies and economic profitability.*

*This demand for greater responsibility consisting of "controlling the effects on the environment and society" (European Commission, October 2011) also applies to public sector institutions. These institutions, the first responsibility of which is to act in the wider public interest, have long been considered to be relatively unaffected by CSR issues, as it "came naturally" to them. However, more recently, initiatives by elected representatives and senior management within the public sector have shown that it should be included under the concept of "OSR" (Organizational Social Responsibility) due to the fact that they too have an economic, social, and environmental impact: the international ISO 26000 standard, which was adopted almost unanimously in 2010, militates for social, environmental and human rights-related responsibility on the part of ALL organizations.*

## **CSR is an issue that now forms an integral part of French public procurement regulations**

*The legal framework of public procurement reflects the moves that have been made in relation to the increasing importance of CSR.*

*Developed with two key priorities in mind – bringing about an internal market within a European context and enhancing moralization in public life – public procurement law today takes into account social responsibility and is increasingly seen as a lever for public policy.*

*Public procurement cannot be seen solely as a set of administrative procedures that would only address the needs of the public sector.*

*The act of making a purchase is an economic activity that has an effect on the ecosystem in which public purchasing bodies operate, giving rise to the challenge of controlling these effects.*

*Thus, in 2011, the European Commission adopted a communication emphasizing the potential importance of the ripple effect of public procurement on private sector CSR, representing approximately 18% of European GDP across all public services. Additionally, on 26 February 2014, the revision of the European Directive on Public Procurement profoundly modified the previous version of the Directive and opened a number of options to public sector purchasing bodies to introduce social and environmental criteria into their invitations to tender.*

*The implementation of the Directive into French procurement regulations was achieved via the Order of 23 July 2015 and the Decree of 25 March 2016, confirming this process by encouraging purchasing bodies to:*

- *Undertake consultations and market studies into their suppliers, to seek advice on the topic and to notify economic operators of their sourcing requirements (Article 4 of the Decree);*
- *Take into account sustainable development objectives (economic, social, and environmental) in expressing their needs (Article 30 of the Order);*
- *Impose social and employment-related considerations in the terms governing the performance of contracts, provided that they are related to the purpose of the tender, in any respect, and at any stage in the lifecycle of the works, supplies or services to be procured (Article 38 of the Order);*
- *Require certifications that are relevant to the purpose of the tender (Article 10 of the Decree);*
- *Base purchasing decisions on a set of non-discriminatory criteria, related to the purchase of the tender or its delivery, including quality-related, environmental or social aspects, including factors such as apprenticeships, diversity, the conditions under which the product or service is produced and sold, guarantees of fair payments to producers, innovation, environmental protection performance, development of direct agricultural supply chains, inclusion of disadvantaged members of society in the labor market, biodiversity, and animal welfare.*

## **Public-sector purchasing bodies and companies in the Hauts de France region commit to promote sustainable development via public procurement**

*It is with the aim of assisting public purchasing bodies in the Hauts de France region that the definition of this “plurality of criteria” to define a strategy for social and environmental responsibility, including human rights and anti-corruption, that this document has been drafted as part of a collective approach under the leadership of the Hauts de France Regional Chamber of Commerce and Industry (CCI), in collaboration with the Responsible Procurement Monitoring body - Observatoire des Achats Responsables (ObsAR).*

*The aim of this charter is to communicate and to raise awareness with both companies (including SMEs and micro-enterprises) and public-sector institutions in relation to the methodologies and benefits of CSR, via an educational process that will progressively lead them to take responsibility for themselves in managing sustainable development, while ensuring that the obligation to ensure free and fair access to public sector procurement is rigorously followed.*

*It is common ground among all signatories that all commitments made in this Charter, together with their implementation, are compliant with the applicable legislation governing the economics of tendering and the provisions of European and national law governing inter-business relations (the Commercial Code) together with all texts that define public sector tenders.*

*The multiplication of signatories to this Charter will also result in a positive leverage effect favorable to the economic, social and environmental development of the Hauts de France Region in the service of its inhabitants.*

# Charter for the Integration of Corporate Social Responsibility into Public Procurement

**The Signatories to the Charter for the Integration of CSR into Public Procurement commit to:**

**Article 1:** Promote and support the development of CSR across all their practices, and particularly within the scope of public procurements for which they contract.

**Article 2:** Take part in joint activities to promote CSR in public procurement, with specific reference to their suppliers, highlighting the importance and benefits of sustainable development in their business strategies and practices.

**Article 3:** Ensure careful, objective and impartial monitoring of CSR-related commitments from their suppliers and to integrate the CSR process within their own organizations.

**Article 4:** Evaluate the competitiveness of offers received from different potential suppliers by **taking into account** all factors making up the lifetime cost of the products, services or works that are being procured (not only comparing the price of the product or service, but incorporating all external costs into the assessment), such as:

- Associated logistical costs met by the purchaser directly (such as transportation and storage);
- The end-to-end time to complete the technical implementation;
- The time taken to deliver training and acquire the skills necessary to use the product or equipment being purchased;
- Post-sales costs, running costs, and maintenance costs, on a like-for-like basis;
- The cost of quality and CSR audits;
- The costs of externalities that can be expressed in financial terms, such as risks and pollution
- To the extent possible, the value generated within the local area by the specific procurement (social integration and employment, local economic development, etc.)
- End-of-life or recycling costs or, alternatively, the value released by reusing the product.

**Article 5:** Request companies to attach the questionnaire provided as an annex, describing their CSR policy when first submitting an application.

This document will be produced on a one-off basis and will be updated regularly by candidates.

**Article 6:** Implement sector-based steering committees for all charter signatories to draft key performance indicators to report on CSR integration data in the public procurement process, to measure change over time, and to improve the tools available to issuers of public sector tenders, particularly assessment criteria and standard delivery clauses by creating a relevant toolbox.

**Article 7:** Move toward attaining the goal to integrate CSR evaluation criteria into the assessment of all tender submissions for all procurements undertaken by the public sector bodies within the Hauts de France region that are signatories to this charter, and to achieve this goal by and no later than 2020.