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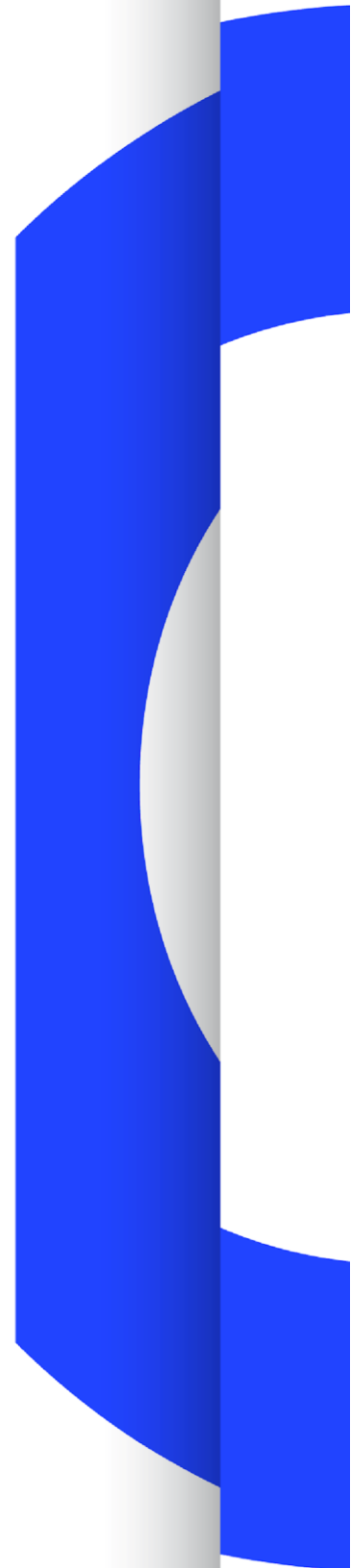
OPERATING EUROVISION AND EURORADIO

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SUSTAINABLE SUPPLY CHAIN AND PROCUREMENT

Strategic Report

Geneva
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Abstract

The aim of this document is to capture and share best practices amongst our Members. To make and sell products/services, organizations need affordable, reliable supplies of energy and natural resources, as well as permission from consumers, investors, and regulators to do business. These enabling factors can no longer be taken for granted and organizations need to adopt the circular economy model that supports the continuous reuse of materials.

Many PSMs have implemented circular economy initiatives, e.g., repairing equipment above replacement, using energy efficient technologies as well as initiatives for economic, social and ecological sustainable procurement of services and supplies.

This report highlights such best practices and briefly explains the circular economy concept.

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Sustainable Supply Chain & Procurement

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1. Introduction

One condition that can slow an organization's growth is poor sustainability performance as measured in the environmental and social impact. To make and sell products/services, organizations need affordable, reliable supplies of energy and natural resources, as well as permission from consumers, investors, and regulators to do business (this includes Public Service Media). But organizations can no longer take those enabling factors for granted. Indeed, scientific consensus along with laws by governments (e.g., European Union Climate Law to be carbon neutral by 2050) and business leaders calls for dramatic improvements in sustainability performance¹.

Most organizations are caught between social responsibility and economics. When organizations are working in low-cost-at-all-cost operations they are often forced to make procurement decisions that contradict their own sustainability and social responsibility beliefs. They can practice sustainable strategic sourcing, or the greening of the supply chain, only when it is the lowest cost alternative to an existing non-sustainable product. Cost pressures often win the day. Fortunately, the gap between sustainable and low-cost procurement is narrowing. Buyers have greater choices in sourcing sustainable products from suppliers with a strong belief in corporate social responsibility².

In recent years, more and more organizations are starting to work only with suppliers that adhere to social and environmental standards. Typically, most of an organization's emissions are from scope 3³; within the supply chain. The idea is these first-tier organizations ask their suppliers to comply with the standards, whom in turn ask the same from their suppliers, and so on. The hope is that it will create a cascade of sustainable practices throughout the entire supply chain⁴.

The above is a perfect scenario; however, it is not so easy in practice. Some organizations have taken steps to promote suppliers' social and environmental responsibility:⁵

- They have long-term sustainability goals.

¹ <https://www.mckinsey.com/business-functions/sustainability/our-insights/starting-at-the-source-sustainability-in-supply-chains>.

² <https://www.supplychaindive.com/news/sustainability-green-supply-chain-procurement/513200/>.

³ <https://tech.ebu.ch/publications/sustainability-fundamentals>.

⁴ <https://hbr.org/2020/03/a-more-sustainable-supply-chain>.

⁵ <https://hbr.org/2020/03/a-more-sustainable-supply-chain>.

- They require first-tier suppliers to set their own long-term sustainability goals.
- They include lower-tier suppliers in the overall sustainability strategy.
- They have a responsible person with extending the organization's sustainability strategy to first- and lower-tier suppliers.
- They offer training and support to their suppliers.

To locate the critical issues within the supply chain, one can use the measurement frameworks from the following:⁶

- World Wildlife Fund (WWF) has more than 50 performance indicators for measuring the supply-chain risks associated with the production of a range of commodities, as well as the probability and severity of those risks.
- The Sustainability Accounting Standards Board has developed standards that help public companies across ten sectors to give investors material information about corporate sustainability performance along the value chain.
- CDP (formerly the Carbon Disclosure Project) and the Global Reporting Initiative have created standards and metrics for comparing different types of sustainability impact.

Typically, supply chain management practices have focused only on three life-cycle stages: pre-manufacturing, manufacturing and use. The fourth stage, post-use, is probably the most important from a sustainability perspective. Rarely addressed, but if it is, it is on a case-by-case basis, and only if it delivers economic benefits.

Sustainable procurement's main focus is on the 3R's; reduce, reuse and recycle, but to think beyond into the post-use phase there are 6R's with the addition of recover, redesign and remanufacture⁷. The vision for procurement of products needs to be more than short-term thinking but to look at the longer term and longevity of the products.

The circular economy is an economic model that supports the continuous reuse of materials to minimise waste, in addition to driving demand for natural resource consumption. "The circular economy starts with good design, end of life and raw material reuse in mind," states Gartner⁸.

⁶ <https://www.mckinsey.com/business-functions/sustainability/our-insights/starting-at-the-source-sustainability-in-supply-chains>.

⁷ Badurdeen et al, "Extending total life-cycle thinking to sustainable supply chain design". February 2009, International Journal of Product Lifecycle Management.

⁸ <https://www.supplychaindigital.com/technology/how-american-express-uses-big-data-transform-operations>.



Figure 1: Circular Economy, European Parliament

“The circular economy creates an ecosystem of materials,” states Sarah Watt of the Gartner Supply Chain practice. “What was previously viewed as waste now has value. However, those ecosystems are complex and include many interdependencies and feedback loops.

Digital technology has the potential to provide visibility and enable improved decision making when it comes to raw materials and services. Already, 35% of companies believe that digital technology will be a key enabler for their circular economy strategies, but very few are leveraging the technology for this purpose yet.”⁹ As mentioned, these concepts of the circular economy and circular lifecycle are rarely contemplated in procurement strategies or policies, but we should start to see them appear more frequently.

⁹ <https://www.supplychaindigital.com/technology/how-american-express-uses-big-data-transform-operations>.

2. Practicalities

Public Service Media (PSM) organizations purchase a great number of products and services. Many PSMs have implemented circular economy initiatives, e.g., repairing technical equipment first before throwing it away. As well as in-house initiatives, for procurement the majority of PSMs must tender, therefore sustainable requirements can be added as a mandatory fulfilment for their suppliers.

Here are some great ideas that EBU Members have implemented, together with the areas they focus upon.

2.1 ARD

In the ARD, resource management encapsulates economic, social and ecological sustainability as an integral part of the contracts in all organizational areas. In maintenance, renovation and redevelopment at the locations of the broadcasters, special attention was paid to energy-saving technology and equipment.

Eco-certificates are always used when buying and using end devices and energy consumption is respected. "Green IT" is another component of the measures to help conserve resources.

Ecologically sustainable means of production are still available, such as using lights or batteries for production operations sparingly. The same applies to the use of materials and products that are not specifically geared towards media production. Innovative products in the field of mobility (e.g., e-vehicles) and energy (e.g., e-business and generators) are tested for media-specific requirements and are being further developed; recycled materials are increasingly used.

2.2 BBC

With an annual spend of £1.4 billion on goods and services, the BBC places significant importance on its obligations to buy responsibly and to carefully consider the relevant social issues across the different markets from which it buys goods and services.

The BBC's purchasing decisions are based not only on receiving value for money, but also in demonstrating fairness in choosing suppliers, encouraging all aspects of diversity and reducing any potential negative impact on the environment. They have already implemented measures to reduce carbon emissions, be more energy efficient and minimise waste. The buying process considers suppliers' social responsibility practices and how they align to the BBC's ongoing expectations¹⁰.

The BBC launched the new sustainability strategy, "Greener Broadcasting"¹¹, in 2018. BBC Procurement supports this by taking a holistic approach to procurement.

The BBC is committed to eliminating single-use plastics across its operations¹². The BBC purchases goods and/or services globally and expects its suppliers to help it work towards the elimination of

¹⁰ <https://www.bbc.co.uk/supplying/working-with-us/procurement-social-responsibility>.

¹¹ <https://www.bbc.com/aboutthebbc/reports/policies/sustainability>.

¹² <http://downloads.bbc.co.uk/aboutthebbc/reports/policies/sustainability/single-use-plastics-statement-of-intent.pdf>.

single-use plastic by the end of 2020. This applies only to the supplier's delivery of goods or services to the BBC and not to its own internal operations.

2.3 ITV (UKIB)

"Our suppliers are an extension of our own business and only by working together in partnership can we improve the impact we collectively have on the environment."

Peter Clark, Head of Procurement, ITV.

ITV has committed to running a 100% sustainable supply chain by 2030, by ensuring its highest environmental risk suppliers meet its new sustainability criteria by 2025 and working with all its suppliers by 2030 to reduce their environmental impact.

ITV buys goods and services from thousands of third parties and this brings inherent risk, which needs to be identified, assessed, managed and monitored. ITV is evolving its supplier processes and frameworks to ensure areas such as their environmental impact is robustly monitored, actioned and improved. This is not only good for ITV, as it can promote innovation and growth, reduce costs and minimise risk, but it also benefits society as a whole.

Suppliers can help ITV reach its environmental targets. A significant proportion of the emissions in ITV's value chain are from purchased goods and services (part of our scope 3 carbon emissions). It is embracing the huge opportunity to work with its suppliers to bring down their own impacts, and in turn reach their targets¹³.

2.4 NRK

The NRK has established a group that will evaluate how it can use its purchasing power to secure greener procurement. The group consists of five people representing various departments in NRK. It is an overriding goal that this effort shall contribute to a reduced climate footprint. This will be a part of NRK's environmental strategy "A Greener NRK". The group will present its recommendations in 2021.

It is an overarching goal that NRK must implement environmental requirements in all procurement. Several of these standards are already in place, but in some areas the wish is to excel and contribute to improving environmental requirements for the public sector.

One of these areas is energy consumed when storing, transferring and processing data. Here the intention is to actively contribute to making the technology more energy efficient and ensuring that the energy used is renewable.

Recommendations will also be made regarding the electrification of NRK's vehicles, criteria for life cycle evaluation and the reuse of electric components and office furniture.

NRK's clear goal is a reduction in its carbon footprint, and to measure and document this reduction.

¹³ <https://www.itvplc.com/socialpurpose/reducing-environmental-impact>.

2.5 RAI

The Rai promotes the criteria of environmental and social sustainability in all phases of its purchasing processes regarding the commodities sector (so-called ordinary sector), according to the principles defined within the National Action Plan for Green Public Procurement (GPP) and to the legal obligations prescribed by Article 34 of the Code of Public Contracts (Legislative Decree no. 50/2016, Italian declination of the European directive EU 24/2014), the Minimum Environmental Criteria (CAM). Within the European community, Italy adopts CAMs in 100% of cases related to the specific product categories.

The Rai's Purchasing Department has launched several initiatives in relation to sustainable procurement:

- **Certified Green Energy:** The Rai is committed to procuring green energy from renewable sources. The origin is guaranteed through certificates (Guarantees of Origin) that prove the origin of the energy is from wind, photovoltaic, geothermal or other production from renewable energy sources for the entire supply. This contributes to safeguarding the environment and reducing pollution: 1 kWh of Green Energy = 554.6 g of CO₂ saved, compared to the use of the same amount of fossil energy.
- **Zero Paper Policy:** In 2016 the Purchasing Department started the process of digitizing its purchasing procedures to eliminate the use of paper and minimize the "carbon footprint".
- **Social Standards application:** The Rai has adopted targeted suppliers' audit campaigns to evaluate the workload capability and, at the same time, to detect any critical elements related to the respect of its workers' rights.
- **CAM-enhanced efficiency:** Since 2018, an awareness-raising process and the progressive adoption of CAM criteria have been launched in the Rai's departments that work with the ordinary sector. To date, a second process has been started to increase the effectiveness and to extend the scope of application of the CAM criteria while proceeding with new initiatives such as:
 - making the best use of IT systems to track "green" or labour-intensive tender procedures and their results;
 - supporting the development of knowledge and application of sustainability concepts and requirements within the Rai's specifications, procedures and contracts;
 - adopting a specific Code of Conduct with suppliers;
 - encouraging the use of sustainability requirements in relation to product categories not envisaged by the regulatory CAMs and applying them within the "radio and television" sector (so-called "excluded" sector).

2.6 RTÉ

RTÉ Procurement Policy aims to ensure that sustainability and human rights are respected in the procurement process, as an essential step towards the RTÉ values of behaving in a respectful, sustainable, and accountable manner. To assist in achieving these aims, where relevant to a tender, environmental impact and environmental criteria are considered when developing such tender processes. Also, RTÉ may request that all tenderers confirm their commitment to employment and health and safety law and to provide statements in their tender documents with regards to Sustainability, Human Rights and Responsible Sourcing.

RTÉ is committed to the highest level of energy reduction and sustainability, both in the management of existing infrastructure and in the development of new infrastructure. RTÉ has a standard set of Procurement documents in which Environmental Impact is included as an evaluation criterion. The RTÉ tender process provides a weighting for Environmental Impact per tender. The weighting is varied depending on the procurement. Each response is evaluated against the percentage criteria associated, with the best tender response scoring the highest.

2.7 RTVE

The RTVE's relationship with suppliers is based on the public sector regulation specified by the "9/2017" law of 8/11/2017 on public sector contracts. In addition to budgetary stability and expenditure control, the RTVE requires providers to comply with current labour regulations and being up-to-date with social security payments. The RTVE has also included sustainable considerations in its contract terms: for supply contracts, providers should take charge of the generated waste for the entire contract period and ensure its delivery via an appropriate waste management system.

In addition, the tender process for electrical supply has established that no less than 30% of the energy should come from renewable sources.

Sustainable mobility is also being promoted. The RTVE has recently installed 28 charging points for electric vehicles in its premises in Madrid, Cataluña and Las Palmas. Moreover, the COVID-pandemic has reduced travel and commuting significantly both for staff and suppliers, and it is likely to continue this way, making it possible to reduce the carbon footprint associated with travel.

Also, in 2020 the RTVE started the Energy Efficiency Management Project, which augments the company's focus on responsible management of resources. One good example of this approach that was implemented a few years ago is the paper-reduction policy, removing personal printers and encouraging usage control.

Another example of the RTVE's commitment to the circular economy is the donation of props and costumes from the 'La Caza Tramuntana' TV show to a school theatre, so that students can benefit from this material and give it a second life.

2.8 ZDF

Procurement plays a key role in helping the ZDF attain the TBL (social, environmental, and financial) goals. The ZDF's current sustainability targets are focused on ecological dimensions. Regarding the greening of the supply chain, the ZDF played a major part in the development of the "sustainable production" certification criteria through its work in the German "Green Shooting" task force. In this context the ZDF will increase its share of sustainable ("green") productions.

Overall, ZDF's procurement is managed according to the principles of sustainability and of economic efficiency. Responsible Procurement Management includes purchasing that minimizes carbon emissions as well as respecting human rights and fair social conditions. Long-term, the ZDF strives for concentrating on, and for cooperating only with, suppliers that have a sustainability strategy.