Transforming tourism
Transition to 2030: Workshop
Sustainable & Inclusive Procurement
July 6th: 2pm - 4pm MUT
Indian Ocean region
Sustainable & Inclusive Procurement

Better products for your business and society
Agenda

- Opening Address

**Part one: Role and principles of sustainable procurement**
- Responsible Recovery and the role of Sustainable Procurement
- Recap on sustainable procurement principles and processes
- Circularity & Rethinking waste as profit
- Break

**Part two: Optimising the benefits: Making it all count**
- Strengthening brand and destination USP through sustainable procurement
- Reflection
We can’t go on consuming the environment

Sustainable procurement is essential for protecting your business and the environment and communities in which it operates.

It is about taking responsible recovery action and focusing on how to genuinely build back better.
Understanding the impact of Covid-19 on SDGs in tourism

The role of sustainable procurement in responsible recovery and building back better
Tourism and The United Nations Sustainable Development Goals
COVID-19 impacts on SDG’s in tourism (1/2)
## Recovery: The Implications for Tourism

<table>
<thead>
<tr>
<th>SDG</th>
<th>Impacts</th>
<th>Implications for accommodation sector</th>
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<tbody>
<tr>
<td>Employment &amp; Gender</td>
<td>Jobs in accommodation and food highly vulnerable</td>
<td>Factor into employment and supplier selection decisions</td>
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<tr>
<td></td>
<td>Women represent a greater % and at higher risk</td>
<td>Involve women in procurement, resource use and waste management decision making</td>
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| Climate Action                           | Decrease in international air travel, increase in domestic and regional travel.  
                                          | Increased demand for nature-based activities and healthier experiences                                | Adapt experiences to appeal to local markets including procurement of local products.                |
|                                          |                                                                        | Innovate to provide healthier experiences e.g. bicycles for guests to use, link up with local experience providers |
| Life below water                         | Increased riverine and marine pollution from SUP hygiene products and increased cleaning | Advance with plastic elimination and reduction, increase circularity into procurement policies and practices |
| Affordable and clean energy              | Countries reliant on fuel imports vulnerable to global supply chain problems | Renewable energy increases resilience to future shocks. Apply sustainability and resilience criteria to energy supply decisions. |
| Sustainable Consumption & Production:    | Increase in waste, particularly SUP                                    | Must align hygiene procedures with sustainability criteria e.g. process over product                |
|                                          | Decreased waste separation increase in Food and packaging waste due to hygiene procedures | Apply circular economy principles to factor out waste                                               |
| Life on land                             | Pollutants from increased cleaning impacts on nature and wildlife       | Align safety with sustainability in our procurement decisions                                       |
Procurement decision factors for ‘Building Back Better Tourism’

- Environmental impacts
- Socio-economic impacts
- Resilience
- Hygiene and safety
- Market trends
What’s in it for your business?

- Pressure from tour operators and customers
- Potential for lower operating costs
- Reduction of risk
- Formation of better relationship with suppliers and increased security of supply
- Better relationships with the community
- Making the destination ‘brand’ stronger
- Enhance your reputation
Sustainable Procurement

Basic principles and processes
Sustainable Procurement: Meeting business needs for goods and services in a way that...

- Achieves value for money on a whole-life basis
- Minimises risks and generates benefits for the natural environment
- Minimises risks and generates benefits for society
- Benefits the economy
… Thinking of all the impacts that may be generated throughout the life cycle of what we buy helps us define sustainability actions in every stage of the procurement process.
… or in other words

Old model: ‘Take-make-use-dispose’ ‘cradle to grave’

Circular Model ‘cradle to cradle’

Source: lifecycleinitiative.org
There are 3 main stages in a procurement process:

1. Pre-purchasing
   - Know the risks
   - Are there alternatives
   - Where can you influence?
   - Define priorities
   - Write specification

2. Purchasing decisions
   - Meet sustainability criteria
   - Whole Life Cycle considerations

3. Post-purchasing
   - Ensure inclusivity
   - Incentivise performance

- Pre-purchasing
- Purchasing
- Post-purchasing
Re-thinking purchase needs
Find solutions to problems not products
Re-thinking your needs – focus on the outcome sought

CAN YOU... RE-THINK?

ELIMINATE? REDUCE?
RE-USE? RECYCLE?
DISPOSE?

CONSIDER LIFE-CYCLE IMPACTS & COSTS

THINK IN TERMS OF SOLUTIONS TO PROBLEMS, NOT PRODUCTS

PRIORITISE YOUR INTERVENTION
Defining Requirements
Writing product specifications
Defining product / service requirements is an important stage

- It enables suppliers to understand the requirement
- It is key to buyer satisfaction
- Ensures value for money - focusing on needs
- Improves likelihood of receiving bids
- Ensures transparency
- Plays a central role in subsequent stages – solicitation, evaluation and contract management

Tender specifications

- Unbleached bed linens are composed of 50% cotton and 50% PET.
- Bed linens are made in France by a manufacturer (Tissus Gisèle) using 100% hydraulic electricity which is produced on site.
- Microfiber towels are composed of a mix of polyester and polyamide.

"Our decision to prefer environmentally friendly linen and towels is part of our continuing efforts to engage in more sustainable business practices, as per our certification EU Ecotable. Laundry services represent a significant part of our expenses; it is important to control its financial burden. Choosing unbleached linen, made in France, and the know-how of Tissus Gisèle allow us to procure more resistant linen, using less chemicals during production; and washing cycles require less resources."

- Nadine Witczak, Director, Amiral Hotel

Examples of sustainable considerations to include in defining requirements

**Environmental**
- Use of recycled content
- Re-usable packaging
- Use of sustainable source materials (certified timber, construction materials, etc.)
- Eco-label equivalent performance standards

**Social**
- Avoidance of substances hazardous to health in manufacture of use
- Training requirements
- Fair trade practices
- Labour requirements (working conditions, wages, representation etc.)
Evaluation and Award

Distinguish between bids and promote sustainability and innovation
The price on its own does not allow us to achieve a sustainable purchase or contract.
Contract Management

Optimize positive sustainability impacts over the life of a contract
CONTRACT CLAUSES AND CONTRACT PERFORMANCE INDICATORS ARE TWO DIFFERENT SETS OF ITEMS

**Contract clauses**
- Set the bottom line
- Create a contractual obligation
- Must be compatible with relevant regulations

**Performance Indicators**
- Can be linked to requirement definitions and evaluation criteria
- Measured and monitored during contract
- Can be progressive
**Example of environmental contract clauses**

**Contract clauses**
- Set the bottom line
- Create a contractual obligation
- Must be compatible with relevant regulations

<table>
<thead>
<tr>
<th>Clause</th>
<th>Description</th>
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<tr>
<td><strong>Air pollution</strong></td>
<td>The factory must comply with local laws regarding air pollution. The factory should analyze its discharges to atmosphere, and prioritize any possible improvements, and prepare a plan for reducing emissions where practicable.</td>
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<tr>
<td><strong>Waste management</strong></td>
<td>The factory must comply with local laws regarding waste water treatment and discharge. It must also demonstrate that any resulting sludge or solid waste is disposed of according to local regulations.</td>
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<tr>
<td><strong>Training of staff</strong></td>
<td>Staff trained in the environmental policy of the factory in they will be working.</td>
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Incentivised Contracts

Target driven bonus - Contractor is paid a bonus on achieving desired sustainability KPI.

Savings gain share - Cost savings from e.g. energy consumption or other sustainability cost gains are shared between customer and contractor through an agreed split formula.

Price penalties - Sustainability performance failure equates to determined price penalty.
Inclusive procurement practices

Influencing suppliers & adapting procedures
Community benefit provisions that seek to have a positive impact on the host community can be part of any standard contract

- Training and skills enhancement programmes
- Local hiring and employment programmes
- Targets for the use of local, women-owned, minority-owned and SME suppliers and sub-contractors
- Commitment to hiring environmental and socially responsible sub-contractors
- Commitment to safeguard living/minimum wages and follow collective agreements
- Commitments or targets for community investment (funding for community programmes, investments in infrastructure, etc.)
Extended paying terms and late payments can have considerable cash-flow implications, especially for vulnerable SMEs.

- Advance payments
- Scheduled payments for planning cash flows
- Payments based on project milestones
- Guarantees for prompt payment of invoices
- Penalties for late payments
Group Exercise
Developing Sustainable Contracts
Strengthening local value chains

Case Studies
Whatsapp to connect farmers and chefs in Saint Lucia

“The Virtual Agricultural Clearing House now allows me to get the freshest and fastest food in St. Lucia allowing me as a chef to work with ingredients at the peak of their quality”

Chef Juan Bochenski Jade Mountain Resort

Accompanying local suppliers in transforming their farming practices in...

“Our farming activity is growing thanks to Attitude group, which acts as a facilitator in our sustainable approach”.

– Mr Mayeven Poinen, farmer, MP Green Life Ltd
Case Studies

‘Waste to wealth’ in the Maldives:

- Food waste – compost to grow vegetables
- Glass bottles – vases
- Packaging – bricks to construction sector

“We view waste as an asset (...). We created the Waste-to-Wealth as a departmental profit centre to prove that handling waste in a sound way can make financial sense too”.

- Arnfinn Oines, Social & Environmental Conscience
Reflection – rethinking ‘waste’

What do we consider as ‘waste’?

What **assets** do we have that are ‘wasted’? i.e. under utilised that could be creating value

- Facilities
- Space
- Venues
- Expertise
- Off-peak spare capacity
Making it Count

Optimising the benefits of sustainable procurement
Making it count!

Level 1: What are you already doing?
Optimise the benefits of what you are already doing!
Be proud, showcase and tell the story

Level 2: Marketing and networking activities
Initiate activities that will remove barriers to sustainable procurement, create further business opportunities, enhance networks, strengthen value chain linkages and the visitor experience.
… examples of marketing and networking activities to support sustainable procurement

Widely promote tender opportunities through networks

Seek / Promote supplier ‘visitor experiences’

Trial work with specific producers / repurpose organisations to co-create sustainable solutions
Case Study

Taste of Fethiye Visitor Experiences

• Village Routes
• Visit Craft Fair
• Farm excursions
• Evening events

“Kaya Discovery, Turkey
Customers can explore the ruins of a historic village and visit a local farm – part of the TUI Taste of Fethiye project which links farmers with hotels. Guests can buy local produce at the farm.”
Case Study: Taste of Fethiye
Strengthening brand and USP
Creating high quality, authentic customer experiences

• Helps customers to appreciate the unique qualities of the products they consume and the people that produce them
• When customers are able to take part in or co-create their experience they have a much more memorable and meaningful interaction:
  • Tasting events
  • Cooking demonstrations and classes
Guests love artisanal products

“In addition to supporting local livelihoods, another primary reason why we prefer artisanal and local products in our hotel is to enable our guests to experience these traditionally produced and regional products and to establish a better connection with the region they are visiting.”

Mustafa Argın - Executive Director- Yacht Hotels
Creating value through promotional activities

- **Marketing and sales activities** can be enhanced through inspiring content depicting local products, suppliers and scenery.
- **Customer experience and satisfaction** can be improved through service delivery, events and communications.
- Customers will be able to **differentiate** when comparing similar businesses.
- Income can be generated through **new and diversified customer experiences and products**.
- Specific content can meet the increase in customer searches for ‘**eating local food**’.
Customer demand and expectations

Customers are increasingly demanding to know where their food has come from, how it has been produced and want real information that provides transparency over what impact their holiday will have.

- Two-thirds (67%) of travellers indicated that they want their travel choices to support the recovery of destinations they visit.
- More than half (55%) want to see how their spending will go back into supporting the local community.
- 62% of tourists surveyed prefer to travel where they can support local business.
- For 71% of travellers, eating 'local' food is now an important component of the holiday experience.

(Booking.com 2021)
Internal audiences

• Training opportunities
• Staff awards
• Bring sustainable procurement policies to life through internal events

External audiences

• Consider how to integrate your sustainable procurement values into branding and across all of your channels
• Improve linkages with tourist boards and other media to promote your programs
Tools and resources

- Workshop materials
- Sustainable Procurement links:
  - Buildingcircularity.org
  - Oneplanetnetwork.org