



Brian Finnigan

# Navigating the drive to 'do good'

Big businesses and governments have promised to use their procurement powers for environmental and social good. Further down the food chain, some WA suppliers are betting they'll stick to them. But meeting the demands of a more ecologically and socially aware customer is not always simple

By Elva Darnell

**A**rnold Whiteside's mission is simple: "Make a difference, make a dollar. There's nothing wrong with that." Whiteside is Managing Director of Crystal Printing Solutions, one of the largest printing operations in WA.

Its 4000-square-metre Cannington hub produces more than 40 million printed items a year for 35,000 customers.

It's also one of the greenest printing operations in WA.

Whiteside has spearheaded significant investments in solar energy and efficiencies to help bring down the company's emissions.

About \$700,000 has been spent over the past decade installing solar panels, improving energy efficiency and offsetting emissions.

He says Crystal is also pushing for more Indigenous engagement, in both its staffing and through its partnership with the recently launched Yonga Solutions, a majority-owned Indigenous business.

Whiteside plans on doing more than just contributing towards a greener, more equitable future.

He's hoping to give Crystal a competitive edge, meeting the demands of an ever-more discerning contractor with its own environment, social and governance, so-called ESG, mandates to meet.

And, says Whiteside, Crystal's own ESG efforts are already contributing to business wins from customers keen to lower emissions and improve Indigenous engagement.





“You’ve got government and corporate providing the carrot and not the stick — the carrot is ‘there’s money in this’,” he says.

The business side of doing good is becoming increasingly important.

Ratings agencies have even started to include ESG risk in their methodologies, a move that made headlines early in 2021 when the S&P revised the industry risk of oil and gas companies due to climate dangers.

Meanwhile, consultancy firms are waging a battle of ideas over how ESG strategy and auditing should be conducted (and why they should be the ones doing it), with PwC, Deloitte, McKinsey and KPMG all offering their services.

### Procurement as an ESG tool

With two-thirds of the average company’s ESG footprint falling with suppliers, according to McKinsey, procurement decisions are important for all companies looking to improve their sustainability credentials.

Procurement is a tool already being utilised by some of Australia’s biggest names in business.

Fortescue Metals Group says its ‘Sustainable Procurement Standard’ is taken into consideration when awarding and assessing contracts.

Wesfarmers has a mandatory audit program for its supply chain to help ensure ethical sourcing of its products.

And Laing O’Rourke has taken a lead role in putting sustainability at the forefront of its procurement strategy to help tackle Scope 3 emissions.

In fact, Laing O’Rourke recently pre-screened businesses hoping to tender for work on the Great Eastern Highway Bypass project with a questionnaire focused on Aboriginal participation and environmental issues.

But who sets the rules around ESG requirements, and what does this mean for smaller businesses trying to compete on narrow margins?

Brian Finnigan is the Senior Social Procurement Adviser at Industry Capability Network (ICN) in Victoria, where that state’s government has created a framework to use its purchasing power to tackle social issues.

The framework has been in place for more than three years, and Finnigan says it is more than a ticking-the-box exercise.

“Measuring impact is always a bit of a struggle,” he says.

“There are different kinds of measuring

criteria, in terms of the framework in Victoria... but a key area... is employment opportunities for specified priority job seeker groups.”

The ICN in Victoria has developed a tool that allows bidders, suppliers and subcontractors to input the work hours of particular cohorts and receive feedback on whether their commitments were met.

“A dialogue can be had if they’re not meeting those targets, what kind of support can we put in place to actually change that environment?” Finnegan says.

“But it’s not a ... kind of wish list and ‘If we can get it, that’d be great’.

“It’s a case of ‘no, you have to do it’, and there will be potential financial consequences for non-compliance.”

Many governments around Australia, including WA, have social procurement frameworks (SPFs) in place, although in greater infancy.

The State Government here launched its new social procurement framework in mid-2021.

The framework targets gender equality, and increased purchasing from disability enterprises, Aboriginal businesses and regional small and medium enterprises within the supply chain.

### Targeted frameworks

Finnegan says that ICN has set up a national social procurement strategy to be able to talk with businesses and governments based on the experience of what’s happened in Victoria.

He says that in Victoria they don’t blanket-set all 10 objectives of their framework to any tender; rather, they target only those that are most appropriate to the particular project and work.

“There’s a big public housing redevelopment program going on (in Victoria), and one of the key things that resonates with the government department that’s issuing that tender is employment opportunities for people in public tenancy,” he says.

“If you’re just bidding just to win a bid, with aspirational pie in the sky ESG or SPF targets in your bid, without any real intention or authentic commitment to delivering upon them: It’s great for winning a bid but not so great when you have to reapply to bid for something else and are clocked for noncommittal.”

His tip to medium-sized businesses daunted by the pivot to more robust ESG requirements: “For me, it certainly makes sense to understand your business from a social perspective, but it makes financial sense as well.”

And, he says, you may already be doing a great deal in the employment of disadvantaged groups, or environmentally.

“So it’s understanding what you’re bidding for and what the ask is and finding an authentic response.” ●