

## SCGC Green Procurement Guideline





## Introduction

SCGC's commitment to conduct sustainable business development following the principles of ESG (the Environment, Occupational Health and Safety, Society and Governance), which focuses on creating a balance between business, society, and the environment throughout the supply chain, the company actively supports and promotes the procurement of environmentally friendly products and services throughout its supply chain. This strategic approach is crucial for the sustainable management of procurement, ensuring a holistic and responsible approach throughout the entire value chain.

The **SCGC green procurement guideline** provides implementation guidelines throughout the organization and also serve as a guide for suppliers with consideration to their environmental impact creating sustainability in all sectors across the value chain.



## 1. **Definition**

**1.1 Environmentally friendly products and services:** Products and services that have a less environmental impact throughout their lifecycle, ranging from raw material extraction, raw material sourcing to production, transportation, use, and disposal, compared to similar products with the same function.

**1.2 SCGC Green Procurement:** The process of purchasing products and services that cause minimal adverse environmental impact according to the SCG green procurement list.

**1.3 SCG Green Procurement List** means the list of environmentally friendly products and services which meet the SCGC criteria.

**1.4 Eco-labelling** is labels that indicate environmental friendliness of products that meet specific criteria. Both declared by manufacture themselves or certified by third parties, to the relevant environmental aspects-products and services. Presently, there are 3 types of eco-labeling as follows:

**Type I Ecolabel (ISO 14024)** is certified by a third-party organization based on the criteria involved in the environmental impact of a product or service throughout its life cycle under the framework of ISO 14024 such as Green label, etc.

**Type II Ecolabel (ISO 14021)** is self-declared environmental claims by manufacturers regarding the environmental characteristics of a product or service. This type of eco-labeling does not need consideration throughout its life cycle which focuses on a particular quality of a product under frameworks of ISO 14021 such as SCG Green Choice, Eco-Products, and Green for lift, etc.

**Type III Ecolabel (ISO 14025)** is shows the quantitative database on product assessment throughout its life cycle. This type of eco-labeling describes the product's detail in view of the amount of resource and energy used or pollution released under frameworks of ISO 14025 such as Eco Leaf and EPD, etc.

**Other labels** are out of the scope of eco-labeling mentioned above. Setting to show the specific declaration or encourage the consumer to see the importance of product or service selection. Such as, Carbon footprint reduction or CoolMode, etc.

## 2. **SCGC green procurement guideline**

SCGC support green procurement which is considered from SCG Green Procurement List. In case of products or services are not on the SCG list, incorporating them into SCG Green Procurement List is considered.

## 3. **The evaluating criteria of products and services for registration in the SCG Green Procurement List.**

SCGC has two approaches to evaluated products and services for registration in SCG Green Procurement List, as follows:



**Approach 1: Eco-labeling**

In case of products and services have ecolabel type I, II, or III, they can be considered for registration in SCG Green Procurement List.

**Approach 2: The criteria for evaluating environmentally friendly products and services by SCGC**

In case of products or services do not qualify for the criteria of Approach 1, SCGC has established criteria for consideration based on ISO 14021 (Environmental Labels and Declaration- Self- Declared Environmental Claims), circular economy principles, and SCG Green Choice criteria to ensure the credibility of the evidence/documentation demonstrating the environmentally friendly products and services. There are 2 criteria for evaluation as follows: (1) Environmental impact assessment of the product or service throughout its life cycle ranging from raw material extraction, transportation, production, use, and disposal (2) Evaluation of environmental properties of product and service compared to conventional products.

Environmental impact assessment of the product or service throughout its life cycle ranging from raw material extraction to production, transportation, use, and disposal as Table 1

Table 1: Environmental impact assessment of the product or service throughout its life cycle

Raw material extraction, transportation, and production process	Waste disposal from the operation	Use of product	End-of-life disposal
The evaluation of the environmental management system of the manufacturing organization		The evaluation of environmental impacts resulting from the characteristics of products and services	
<ul style="list-style-type: none"> <li>• Efficient use of energy and raw materials</li> <li>• Minimize pollution, effluent, and waste generation from the production process and comply with law and regulation</li> <li>• Incident management aligns with Laws and regulation</li> <li>• Effective handling of claims and complaint</li> <li>• No hazardous substance as an international standard</li> </ul>	<ul style="list-style-type: none"> <li>• Effective management of hazardous and non-hazardous waste disposal from the production process with no environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>• No pollution release during usage</li> </ul>	<ul style="list-style-type: none"> <li>• Disposal process should minimize the effect on the environment</li> <li>• Be able to recycle or reuse in some part or all at the end-of-life</li> </ul>

In case of the vendors has been certified by the international standard: ISO 14001 or a government agency such as green industry level 3 and eco-factory. The products and services will be considered to meet the above criteria.

Evaluation of environmental properties of product and service

For SCGC consideration, vendors must prepare document for consideration of showing processes that result in a product or service having environmentally friendly characteristics that are different from the similar product or service in the marketplace. Including, the quantitative data and supporting evidence of environmentally friendly properties of its products and services, compare with similar products and services in in the marketplace.

Table 2: Criteria of environmentally friendly properties of product and service, evaluation process, and illustrative indicators.

Criteria	Evaluation process	Example of Indicator
1. Designed for disassembly	The product design should be enabled for disassembly of its component after expiration or end of use, allowing for the reuse, or energy recover.	List of disassembly materials.
2. Designed for extended durability	The product design should extend the product lifetime, resulting in resource use reduction or waste minimization.	The increased product lifetime, resulting from product development or technological improvement.
3. Reduce resource/ raw material	The reduction of resource / raw material in the production of products.	Amount of reduced resource / raw material in production.
4. Utilization of renewable materials	The utilization of renewable materials in the production process, with the condition that the renewable materials are unused and capable rebuilt. <i>Renewable materials refer to biomass derived from plants or animals, which can be continuously regenerated as sustainable substitutes.</i>	The proportion by weight of renewable materials in the product.
5. Recycle Content	The products contain components made from recycled materials.	The quantity and proportion by weight of recycled materials.
6. Energy Recovery	The utilization of recovered energy or the conversion from waste recovery into energy.	The quantity of recovered energy that uses in the production process.
7. Renewable Energy	The utilization of renewable energy. <i>Renewable energy from natural sources or processes that can be continuously replenished, such as solar, wind, and biomass.</i>	The proportion of renewable energy usage to total energy consumption.

Criteria	Evaluation process	Example of Indicator
8. Reduction of Energy Consumption	Using less energy to perform the same task or produce the same result.	<ul style="list-style-type: none"> <li>- The quantity of energy consumption reduction.</li> <li>- Information or activities for energy consumption reduction</li> </ul>
9. Reducing Water Consumption	Using less water to perform the same task or produce the same result.	<ul style="list-style-type: none"> <li>- The quantity of water consumption reduction.</li> <li>- Information or activities aimed at promoting water consumption reduction.</li> </ul>
10. Health or Hygiene	<ul style="list-style-type: none"> <li>- The production process does not adversely impact the occupational health and well-being of workers and stakeholders involved or</li> <li>- The product is non-toxic, free from hazardous substances, and devoid of chemical and biological accumulations that may pose risks to users.</li> </ul>	The quantity and percentage of hazardous chemicals (such as heavy metals, volatile organic compounds, or VOCs) are lower than similar products.
11. Pollution and Waste Reduction	<ul style="list-style-type: none"> <li>- The products produce from process that minimize pollution or waste generated.</li> <li>- The products are designed in a way that combined use with other products, contributing to pollution or waste reduction.</li> </ul>	The quantity of pollution emitted to air, water, and soil in form of waste, wastewater, or polluted air.
12. Greenhouse Gas Reduction	The reduction of GHG emission throughout of product life cycle.	The quantity of GHG reduction.
13. Reusable or Refillable	<p><u>Reusable</u> The products shall be designed to be recyclable or reusable for multiple cycles of the same use.</p> <p><u>Refillable</u> The products can be refilled multiple times in their original form without additional processes, except for cleaning.</p>	The quantity of reuse/refill.
14. Biodegradable	The characteristic of a product or its associated components that allow for biodegradation and transformation into organic matter.	<ul style="list-style-type: none"> <li>- The proportion of a product's weight that is capable of decomposition.</li> <li>- Decomposition time.</li> </ul>
15. Degradable	The characteristics of the product under specific conditions, enable decompose into small pieces according to predetermined sizes.	<ul style="list-style-type: none"> <li>- The proportion of a product's weight that is capable of biodegradation.</li> <li>- Degradation time</li> </ul>



#### 4. Registration to SCG Green Procurement List

Products and services that have been evaluated according to the criteria in Section 3 will be reviewed by the SCGC Sustainable Supplier Committee for registration on SCG Green Procurement List, under the following 5 categories:

- General Supply
- Raw Materials
- Production Support Materials
- Spare Part
- Service

#### 5. SCGC green procurement re-assessment

SCGC determines the review and re-assessment of vendors who has registered on SCG green procurement list every 3 years to ensure reliability and up-to-date information on SCG Green Procurement List.

#### The process of registration to SCGC Green Procurement

