



SCANDIC'S GUIDELINES TO  
**SUSTAINABLE PROCUREMENT**

# TABLE OF CONTENT

## **1. BACKGROUND**

- 1.1 Purpose
- 1.2 Target groups
- 1.3 Disposition of the guideline

## **2 CONCEPTS FOR SUSTAINABLE DEVELOPMENT**

- 2.1 Global compact and the sustainable development goals
- 2.2 Natural Step
- 2.3 Circular economy

## **3. GENERAL GUIDELINES**

- 3.1 Economy
- 3.2 Transportation
- 3.3 Collaboration
- 3.4. Low energy and renewable energy
- 3.5 Waste
- 3.6 Ecolabelling – Swan label
- 3.7 Social and wellbeing factors
- 3.8 Support for local society

## **APPENDIX 1 - SPECIFIC GUIDELINES FOR MATERIALS AND SUBSTANCES**

- 1.1 Chemical substances
- 1.2 Paints, lacquers and adhesives
- 1.3 Products based on nanotechnology
- 1.4 Metals
- 1.5 Plastics
- 1.6 Electric and electronic devices
- 1.7 Wood
- 1.8 Textiles

## 1. BACKGROUND

Sustainability has been an important part of Scandic's work since 1993 when the first sustainability program was launched. In order to make the right decisions; Scandic Team Members, suppliers and other stakeholders need to have updated and valid information about the criteria that is the baseline for Scandic's sustainability work.

### 1.1 PURPOSE

This guideline shows the theoretical framework that all decisions regarding sustainable procurement must be based on at Scandic. It also gives detailed information about which materials and substances that are both allowed and not allowed to be used.

The guideline is both for internal use and to be shared to external stakeholders to inform about the theoretical framework for sustainability decisions regarding procurement at Scandic. The guideline is also the basis for setting case-specific requirement that will be further specified in the sourcing documents.

By using this guideline Scandic wants to contribute to the Sustainable Development Goals regarding foremost responsible consumption. Scandic will thereby contribute to a more sustainable society and at the same time it is critical for Scandic's business to make sustainable choices when sourcing different products.

### 1.2 TARGET GROUPS

Primarily team members. Other stakeholders can also use the guide to get a understanding of the theoretical framework that all decisions regarding material and substances must be based on at Scandic.

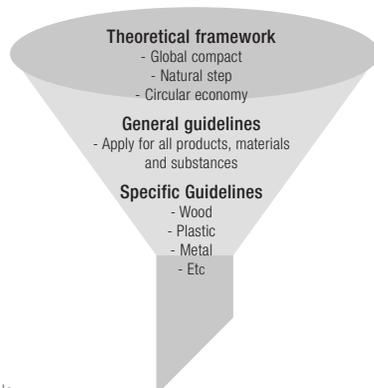
### 1.3 DISPOSITION OF THE GUIDELINE

The guideline will first focus on the theoretical framework, describing three different concepts of how to achieve sustainability. These are UN's Global Compact, the principles of the Natural step and lastly the principles of Circular economy.

After that the guideline presents general criteria for any product, that is used or bought at Scandic.

Lastly the guideline presents specific criteria for different materials and substances, for example wood, plastics and metal.

The guideline does not focus on health and safety aspects such as ergonomics or design that might cause injury. However, these aspects are still very important at Scandic and must be taken into consideration in the procurement process.



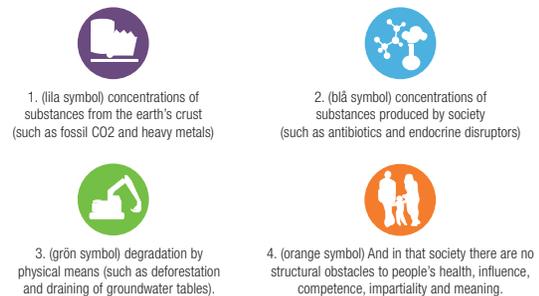
## 2. CONCEPTS FOR SUSTAINABLE DEVELOPMENT

Scandic's sustainability work is based on three concepts for sustainable development.

- The four scientific system conditions for sustainable development, also known as the Natural Step.
- 10 principles of the UN Global Compact and the sustainable development goals.
- Circular Economy

### 2.1 THE NATURAL STEP

The principles of the Natural Step have been a part of Scandic's sustainability work ever since it started in 1993. They show the basic approach for human kind towards nature and society, meaning that in a sustainable society, nature is not subject to systematically increasing...



For more information, see [www.naturalstep.org](http://www.naturalstep.org)

### 2.2 GLOBAL COMPACT

Scandic is a signatory member of the Global compact and seeks collaboration only with stakeholders that can support the 10 principles described below. For more information, see <https://www.unglobalcompact.org/what-is-gc/mission/principles>

| 10 PRINCIPLES OF THE UN GLOBAL COMPACT |               |   |
|--|---------------|---|
| Human Rights                           | Principle 1:  | Businesses should support and respect internationally proclaimed human rights and ensure that they are not complicit human rights.                          |
|  | Principle 2:  |   |
| Labour                                 | Principle 3:  | Businesses should uphold the freedom of association and recognize effectively the right to collective bargaining;   |
|  | Principle 4:  | eliminate all forms of forced and compulsory labour, effectively abolish child labour, and  |
|  | Principle 5:  | eliminate discrimination in respect of employment and occupations   |
| Environment                            | Principle 6:  |   |
|  | Principle 7:  | Businesses should support a precautionary approach to environmental challenges;   |
|  | Principle 8:  | undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies. |
| Anti-Corruption                        | Principle 9:  |   |
|  | Principle 10: | Businesses should work against corruption in all its forms, including extortion and bribery.  |

Scandic is also supporting the Sustainable Development Goals, also known as the Global Goals, that came into effect in January 2016.



Scandic has touch points in most goals but contributes mainly to the following goals:

**#5 Gender equality** – Scandic follows national legislation and promote gender equality in the organization. We follow up our business and internal organization from a gender perspective and from that decide on activities that promote gender equality.

**#8 Decent work and economic growth** – Scandic follows national legislation regarding labour rights and works proactively to promote safe and secure working environments.

**#10 Reduced inequality** – Scandic follows national legislation and take on initiatives that enable people from different backgrounds to come and work and stay at our hotels. We also cooperate with the government so that people outside the labour market can do training at our hotels and increase their competence and the chance for future employment.

**#12 Responsible consumption and production** – Scandic takes on initiatives to make sure that all our consumption takes environmental and social aspects into consideration. This includes, among others, sustainable supply chain and ecolabelled hotels.

### 2.3 CIRCULAR ECONOMY

All products and services that are purchased by Scandic are parts of a bigger product lifecycle with good or bad impact on sustainability all over the lifecycle. One way of creating a positive lifecycle of a product is to apply the basics of Circular Economy. According to the Ellen MacArthur foundation, Circular Economy can be described in the following way:

There is no waste produced by the nature as all leftovers, excrements, dead organisms, etc., have a value in the ecosystems. Human production should have the same aim where the production of waste is a result due to bad design and inefficient production. All materials within a product life cycle should be able to be managed in technical or biological cycles. Compostable materials belong to the biological cycle and non-compostable materials should be recycled, but not downcycled meaning that the quality of the materials should not decrease over time. This ambition puts requirements on the selected products to, for instance, be clean and easy to separate.

There are six kinds of actions that can be done to follow the principles of Circular Economy. These actions are called the Resolve framework. See below.

|                   |   |
|-------------------|---|
| <b>REGENERATE</b> | <ul style="list-style-type: none"> <li>- Shift to renewable energy and materials</li> <li>- Reclaim, retain, and restore health of ecosystem</li> <li>- Return recovered biological resources to the biosphere</li> </ul>   |
| <b>SHARE</b>      | <ul style="list-style-type: none"> <li>- Share assets (eg cars, rooms, appliances)</li> <li>- Reuse/secondhand</li> <li>- Prolong life through maintenance, design for durability, upgradability etc</li> </ul>             |
| <b>OPTIMISE</b>   | <ul style="list-style-type: none"> <li>- Increase performance/efficiency of product</li> <li>- Remove waste in production and supply chain</li> <li>- Leverage big data, automation, remote sensing and steering</li> </ul> |
| <b>LOOP</b>       | <ul style="list-style-type: none"> <li>- Remanufacture products or components</li> <li>- Recycle materials</li> <li>- Digest anaerobically</li> <li>- Extract biochemicals from organic waste</li> </ul>                    |
| <b>VIRTUALISE</b> | <ul style="list-style-type: none"> <li>- Dematerialise directly (eg books, CDs, DVDs, travel)</li> <li>- Dematerialise indirectly (eg online shopping)</li> </ul>   |
| <b>EXCHANGE</b>   | <ul style="list-style-type: none"> <li>- Replace old with advanced non-renewable materials</li> <li>- Apply new technologies (eg 3D printing)</li> <li>- Choose new product/service (eg multimodal transport)</li> </ul>    |

Source: Company interviews; Web search: S. Heck and M. Rogers, Resource revolution: How to capture the biggest business opportunity in a century, 2014

### 3. GENERAL GUIDELINES

The following guidelines are valid for all products that are bought at Scandic. In the picture below you can see different examples of activity inside and around our hotels. No matter what service, product, material or substance that is being used, the following criteria must be taken into consideration.

#### 3.1 ECONOMY

At Scandic we want to make sustainable choices that are good for the environment, society and our economy. We believe that sustainable choices regarding products and services will have social, environmental and economic benefits. However, many times sustainable alternatives presented below are more expensive on short term basis but can turn out to be more beneficial on long term basis due to, for example, durability of the product. It is important that procurement projects take both long and short term aspects in to consideration when choosing products.



### **3.2 TRANSPORTATION**

In order to have as little negative climate effect as possible from transportation, the following criteria are important.

- Shorter and fewer transport journeys
- Full and properly filled loads (in both directions)
- Fuel-efficient transportation with lower fossil CO<sub>2</sub> and sulphur emissions

### **3.3 COLLABORATION**

Scandic's environmental work is long-term and takes place step by step. Success is strongly associated with good collaboration with suppliers and partners and their specialist knowledge, creativity and willingness to develop commercially, environmentally and socially sustainable solutions. Scandic also demands from partners that they can submit to the Global Compact and the Sustainable Development Goals.

Scandic wants all suppliers to read and comply with the Code of Conduct for Suppliers. (<http://www.scandichotelsgroup.com/en/sustainability/>)

### **3.4 LOW ENERGY AND RENEWABLE ENERGY**

All products should be as energy effective as possible both during the production process and when being used. Scandic also aims at being the hotel company with the lowest carbon footprint. This means that we also prefer energy from sustainable renewable sources that is not eg violating other important factors such as biological diversity.

### **3.5 WASTE**

Scandic aims to achieve processes without waste. This includes the whole process from manufacturing until the time when the product is no longer to be used at Scandic. This also includes the food being served at Scandic.

In order to reduce waste, Scandic is positive to renting products where possible if this includes less waste due to effective processes from the supplier.

Scandic also prefers products that are easy to assemble and disassemble since this makes it easier to repair and recycle. Products that contains different types of materials that cannot be dissembled from each other is generally worse than a product that contains the same type of material.

### **3.6 ECO LABELLING – NORDIC SWAN ECO LABEL**

Scandic wants to find easy and effective ways to make sustainable decisions when choosing products. In general we encourage all partners and suppliers to ecolabel their products. For instance, the Nordic Swan Eco Label is always a preferred label because we know that the content of the product generally lives up to our requirements. However, Scandic is also open for other labels and solutions as long as they meet the requirements of the theoretical framework described above.

### **3.7 SOCIAL AND WELLBEING FACTORS**

Scandic prefers partners that can submit to the Global Compact and thereby making sure that social aspects such as the wellbeing of the workers is secured.

### **3.8 SUPPORT FOR LOCAL SOCIETY**

Scandic wants to contribute to the local society or the country where the hotels are situated. Therefore we prefer suppliers who can give examples of how the producer and their products contributes to a better society. Aspects of better society being, for example, job creation and social initiatives such as engagement activities among young people and in segregated areas.

## APPENDIX 1: SPECIFIC GUIDELINES FOR MATERIALS AND SUBSTANCES

All construction and renovation must always be carried out so that the ecolabeling of the hotel can be achieved. Scandic also encourages construction and renovation that leads to ecolabeling of the building itself.

Specific criteria are presented below for different materials and substances; chemical substances, paints and lacquers, adhesives, plastics, nanotechnology, metal/chromium, electric and electronic device, wood and textiles.

Exceptions from restricted or banned products or materials can only be made after discussion with and approval by the Director of Sustainable Business (sustainability@scandichotels.com) at Scandic.

### 4.1 CHEMICAL SUBSTANCES

The use of chemical substances during manufacture or as additives in goods quoted for, shall be restricted in accordance with the SIN-list ([www.sinlist.org](http://www.sinlist.org)).

The SIN-list consists of substances that are likely to be classified as Substances of Very High Concern, SVHC, and is published by [www.chemsec.org](http://www.chemsec.org), which is a Non-Governmental-Organisation. This list is not required by the official authorities, but a market driven demand that addresses higher safety standard. On the SIN-list there are names of substances which are likely to be restricted or banned in Europe in upcoming years.

Substances of Very High Concern (SVHC) include substances which are:

- Carcinogenic, Mutagenic or toxic to Reproduction (CMR) classified in category 1 or 2.
- Persistent, Bioaccumulative and Toxic (PBT) or very Persistent and very Bioaccumulative (vPvB) according to the criteria in Annex XIII of the REACH Regulation, and/or
- Identified, on a case-by-case basis, from scientific evidence as causing probable serious effects to humans or the environment of an equivalent level of concern as those above e.g. endocrine disrupters.

| YES   | RATHER NOT  | NO   |
|---|---|--|
| <ul style="list-style-type: none"> <li>- Ecolabelled chemical products</li> <li>- Chemicals based on renewables harvested from sustainable sources. Chemicals that meet the 12 principles of green chemistry. (<a href="http://www.beyondbenign.org/about-green-chemistry/">http://www.beyondbenign.org/about-green-chemistry/</a>)</li> <li>- Ready biodegradable organic compounds, except APEO (alkylphenolethoxylates)</li> </ul> | <ul style="list-style-type: none"> <li>- Flame retardants must be approved by Scandic before use</li> </ul> | <ul style="list-style-type: none"> <li>- Substances on the SIN-list. For more information, see <a href="http://www.sinlist.org">http://www.sinlist.org</a></li> <li>- Polyfluorinated compounds, PFCs, PFAS, (Non-stick, impregnation agents against stains on textiles)</li> <li>- Polychlorinated organic compounds</li> <li>- Bisphenols</li> <li>- Phthalates and other softening agents</li> <li>- Brominated or chlorinated flame retardants.</li> <li>- Mercury, lead and cadmium</li> <li>- Outdoor use of copper</li> </ul> |

### 4.2 PAINTS, LACQUERS AND ADHESIVES

Paints, lacquers and adhesives can contain substances that are bad both for the environment and for the wellbeing of the people working with it. There are both regulatory demands and voluntary certification systems for chemical products. The voluntary systems cover mostly just Sweden but the regulatory parts are general for all relevant countries. Systems like BASTA, Sunda Hus and Byggsvarubedömningen have been initiated for the Swedish market, but is also an option outside Sweden.

| YES   | RATHER NOT   | NO  |
|---|--|---|
| <ul style="list-style-type: none"> <li>- Products based on water-based, UV curable or powder-based lacquer solvents. BASTA-registered (<a href="http://bastaonline.se">bastaonline.se</a>) products, recommended by "Byggsvarubedömningen" or registered as A according to "Sunda Hus". Ecolabelled with Nordic Swan, Bra Miljöval or EU-Ecolabel.</li> </ul> | <ul style="list-style-type: none"> <li>- "Beta-registered products" (<a href="http://bastaonline.se">bastaonline.se</a>), accepted by "Byggsvarubedömningen" or B and C± according to "Sunda Hus"</li> </ul> | <ul style="list-style-type: none"> <li>- Aromatic or halogenated solvents, Products containing substances from SIN-list. For more information, see <a href="http://www.sinlist.se">http://www.sinlist.se</a></li> </ul> |

### 4.3 PRODUCTS BASED ON NANOTECHNOLOGY

Chemical products with nanoparticles are not accepted, due to exposure risks. Products treated with agents based on nanotechnology may be accepted if the risks for exposure of humans are well controlled during the products life cycle. The risks are difficult to predict if the exposure is not adequately controlled. Alternatives shall always be evaluated. The products shall always be handled in a professionally correct manner. Before using nanotechnology the Director Sustainable Business at Scandic must always be contacted (sustainability@scandichotels.com)

| YES | RATHER NOT   | NO   |
|-----|--|--|
|     | <ul style="list-style-type: none"> <li>- Outdoors or indoors.</li> </ul> | <ul style="list-style-type: none"> <li>- Chemical products (spray, etc)</li> </ul> |

### 4.4 METALS

Goods with mercury, cadmium and lead is not accepted at all. Other metals as chromium and copper are to be limited in certain applications.

Chrome (VI) is carcinogenic and allergenic, and other chrome may be converted to chrome (VI). Therefore products that have passivised metal surfaces without chrome are prioritized before products that are chrome plated based on chromium.

The problem with copper is high contamination of sediment in waters. Roofs and waterpipes are mainsources for run offs and such items should therefore be avoided.

| YES  | RATHER NOT  | NO  |
|--|---|---|
| <ul style="list-style-type: none"> <li>- Passivised metal surfaces without chrome</li> </ul> | <ul style="list-style-type: none"> <li>- Products that are chrome plated based on chromium III. Water pipes made of copper</li> </ul> | <ul style="list-style-type: none"> <li>- Copper in outdoor environment</li> </ul> |

#### 4.5 PLASTICS

Plastics are 99% made of petroleum and difficult to biodegrade, but can be regarded as sustainable if they are managed within closed technical loops as described in the text about Circular Economy. This is however not an easy challenge but it is important to not block those who might succeed. Big homogene thermoplastics are easier to adapt for closed loops than heterogenous, thermoset (non-thermoplastic) or disposable plastics. In order to comply with a Circular Economy, a first step should however be absent from SVHC's (Substances of Very High Concern) in the entire life cycle (production-use-reuse-waste-recycling).

Even if the polymers are free from SVHC's, there may be additives such as brominated flame retardants that are not allowed according to Scandic's requirements for chemicals.

Another global problem with plastics is that it ends up in the water and the oceans effecting the wellbeing of life on land and in the water. Therefore Scandic wants to reduce any kind of plastics used at the hotels and thereby promote plastic free solution. One way of doing this is to always exclude solutions involving single packaging of plastics.

| YES  | RATHER NOT  | NO   |
|--|---|--|
| <ul style="list-style-type: none"> <li>- C2C-certified (silver, gold or platinum) products with plastics, Biobased polymers produced without GMOs. (Genetic Modified Organisms. GMO-com is a common feedstock for PLA-plastics)</li> <li>- Polyamide, polyethylene and polyolefins within a service that offers a take-back system for primary recycling without downcycling.</li> </ul> | <ul style="list-style-type: none"> <li>- Plastics with potential to be sustainable due to their properties to not contribute to SVHC-substances during the lifecycle.</li> <li>- Examples: polyamide, polyethylene, polyolefins, free from SVHC-additives C2C-certified (bronze)</li> </ul> | <ul style="list-style-type: none"> <li>- Chlorinated plastics as PVC, polycarbonate, polystyrene, PTFE. Plastics for single use or disposables.</li> </ul> |

#### 4.6 ELECTRIC AND ELECTRONIC DEVICES

The waste from electronic devices often contain hazardous materials. If the waste is not treated correctly it may damage both the environment and the wellbeing of people and animals. It is also important to produce electronics in a circular manner so that material and rare metals can be reused. The RoHS Directive sets our basic minimum standard for what is acceptable. Cell phones and IT-devices without content of conflict minerals are preferable. TCO Certified is the leading ecolabel for IT-equipment that also includes appropriate demands on conflict minerals.

| YES  | RATHER NOT  | NO  |
|--|---|---|
| <ul style="list-style-type: none"> <li>- All articles CE-marked as a proof of compliance of the RoHS EU Directive 2011/65/EU.</li> <li>- The supplier offers a free takeback system for reuse or recycling.</li> <li>- Documented absence of Conflict minerals.</li> <li>- Old IT-equipment should in first hand be delivered for upcycling.</li> <li>- TCO-certified</li> </ul> | <p>Even if the actual use area is mentioned in the exception-list within the RoHS-regulation, all electric/electronic articles delivered to Scandic still must comply with the restrictions on mercury, lead, cadmium, hexavalent chromium, and the brominated flame retardants PBB and PBDE. CE-labelling is not required, but documentation that verify compliance is needed.</p> | <p>No documented compliance with RoHS</p> |

#### 4.7 WOOD

Wood is a valuable resource that is only delivering values in long term if used wisely with good stewardship. More than four billion hectares of the earth's land surface is covered by forest (31%). Roughly 30 percent of these forests are used for the production of raw timber products. Almost a quarter (24%) is used for the production of raw timber products in combination with the extraction of other resources such as wood, medicine, oil, resin, rubber, dyes, fruit and nuts.

Good forest stewardship is complex, considering different social rights, biodiversity, tracing between sources and trading sites etc. Referring to existing credible forestry schemes is therefore the only feasible way for companies like Scandic to ensure compliance towards sustainability. FSC is considered as the most credible scheme today, even if it is still not perfect. PEFC is not as credible as FSC but can be used in combination with other legal instruments or certifications as FLEGT, Chain of Custody (CoC) etc.

| YES  | RATHER NOT   | NO   |
|--|--|--|
| <ul style="list-style-type: none"> <li>- Preferably be certified according to Forest Stewardship Council (FSC) and Chain of Custody (CoC) standards. A number, associated to actual product, should be demonstrated</li> </ul> | <ul style="list-style-type: none"> <li>- PEFC-marked products supplemented with FSC's Controlled Wood certification.</li> <li>- Traceable products containing raw materials with FLEGT licence.</li> </ul> | <ul style="list-style-type: none"> <li>- Woodproducts without any clearly documented origin or statement that declares it not come from</li> <li>- Forestry operations engaged in forestrelated social conflicts.</li> <li>- Harvested in Intact Natural Forests (INF) or other geographically identified High Conservation Value Forests (HCVF)</li> <li>- Not be harvested from natural forests in the tropical and sub tropical regions being converted to plantation or non forest use.</li> <li>- Officially recognized and geographically identified commercial Genetically Modified (GM) tree plantation</li> </ul> |

#### 4.8 TEXTILES

The production process of textiles uses enormous amounts of both water and chemicals which makes it hazardous for both the environment and the people working in the process.

There are different concepts and tools to be used to distinguish between different environmental performances and qualities for textiles. Below you can see a list from the non-for-profit organization Made-by (www.made-by.org) that has been prepared for the fashion industry and ranks textile fibres on the basis of their environmental performance. A corresponds to the highest performance and E the lowest.

| CLASS A                         | CLASS B                           | CLASS C                   | CLASS D                          | CLASS E             |
|---------------------------------|-----------------------------------|---------------------------|----------------------------------|---------------------|
| Recycled or ecolabelled Cotton  | Tencel® (Lenzing Lyocell Product) | Conventional Hemp         | Virgin Polyester                 | Conventional Cotton |
| Mechanically Recycled Nylon     | Organic Cotton                    | Ramie                     | Poly-acrylic                     | Virgin Nylon        |
| Mechanically Recycled Polyester | Chemically Recycled Polyester     | PLA                       | Generic Modal® (Viscose Product) | Cupra               |
| Recycled or ecolabelled Wool    | In Conversion Cotton              | Conventional Flax (Linen) |                                  | Bamboo              |
| Organic Hemp                    |                                   | Wool*                     |                                  | Viscose Wool        |
| Conventional Flax (Linen)       |                                   | Silk*                     |                                  | Generic Viscose     |

If not using Ecolabelled/certified materials the supplier is requested to specify which textiles are included in the product as well as to submit any of its own comments concerning environmental and social aspects of the relevant textile/s. From this information, Scandic has the following specific guideline for textile.

| YES   | RATHER NOT   | NO   |
|---|--|--|
| <ul style="list-style-type: none"> <li>- C2C-certified (silver, gold or platinum-level) textiles, see <a href="http://www.c2ccertified.org/products/mhregistry">http://www.c2ccertified.org/products/mhregistry</a></li> <li>- Certified as GOTS, The Nordic Swan Ecolabelling, EU Ecolabel, Bra Miljöval, Certified organic</li> <li>- Class A and B in "Made-by-Org"- list</li> </ul> | <ul style="list-style-type: none"> <li>- Class C in "Made-by-Org"-list, Deko-Text or Blue Sign, C2C-certified at bronze-level</li> </ul> | <ul style="list-style-type: none"> <li>- Class D or E in "Mad-by-Org"-list</li> <li>- Halogenated flame retardants, stain repellents with perfluorinated compounds (PFC), often named as "C4, C6, C8"</li> </ul> |

#### 4. FURTHER INFORMATION

Circular economy - [https://www.ellenmacarthurfoundation.org/assets/downloads/publications/EllenMacArthurFoundation\\_Growth-Within\\_July15.pdf](https://www.ellenmacarthurfoundation.org/assets/downloads/publications/EllenMacArthurFoundation_Growth-Within_July15.pdf)

Register that takes circular economy into account: <http://www.c2ccertified.org/products/mhregistry>

[www.nordic-ecolabel.org](http://www.nordic-ecolabel.org)  
[www.ecolabel.com](http://www.ecolabel.com)  
<http://www.fsc.org/>

<http://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/>  
<http://tcocertified.com/tco-certified/tco-certified-product-categories/tco-certified-displays/>