SUSTAINABLE PROCUREMENT GUIDE

Tips to Getting Started in your City
WHAT IS THE PURPOSE OF THIS GUIDE?

Cities across Canada are launching new commitments to fight climate change and build thriving, inclusive communities. Sustainable procurement is an emerging leverage point to meet those goals by integrating sustainability into city projects and purchasing.

The purpose of this guide is to enable government officials and community champions to not only better understand what sustainable procurement is, but also to drive sustainable procurement pilot projects and programs in their city. It outlines key sustainable procurement terms, case studies, and a best practice framework to get started. It can be used as a starting point to get the conversation underway in your city.

This guide was created by the Canadian Collaboration for Sustainable Procurement (CCSP). CCSP is a member-based network of almost 40 Canadian public sector institutions working together to better align their spending with their values, corporate priorities and sustainability commitments.

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HOW CAN SUSTAINABLE PROCUREMENT ADDRESS YOUR CITY’S NEEDS?

Sustainable procurement is a powerful tool that can be used by cities to address ongoing sustainability issues. As noted by the United Nations, the Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all and address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. Goal 12.7, which seeks to promote procurement practices that are sustainable, is an important component in achieving a more sustainable future.

The UN reported that worldwide consumption and production — a driving force of the global economy — rest on the use of the natural environment and resources in a way that continues to have destructive impacts on the planet and our cities.

At a local level, elected officials are trying to advance these goals all the while working with:

- Challenging budgets
- Increasing service demands
- Community sustainability expectations
- Having to rapidly learn and address new, complex problems

These factors influence whether Councils implement sustainable procurement in their cities. However, sustainable procurement is an effective tool that can be used to further economic, social and environmental development without extra money or new policies and plans.

What is sustainable procurement?

**Sustainable procurement** embeds relevant sustainability considerations into processes for selecting goods and services, alongside traditional considerations like price, quality, service and technical specifications. Sustainable purchasing involves requirement to be integrated into each major type of procurement process, whether sole sourcing, multiple quotes, or competitive processes like Request for Proposals (RFP). It means looking beyond short-term needs and considering the longer-term impacts of buying anything from office pens, vehicles, and election materials to procuring energy systems and consultancy services.
THE FOUR PILLARS OF SUSTAINABLE PROCUREMENT

Typically, organizations draw from some combination of the following four pillars depending on their plans and priorities. However, the best programs integrate all four pillars in a comprehensive, holistic way.

<table>
<thead>
<tr>
<th>Pillars</th>
<th>Success Stories</th>
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<tbody>
<tr>
<td><strong>Environmental Procurement</strong></td>
<td><strong>City of Mississauga</strong></td>
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<tr>
<td>Aims to reduce greenhouse gas (GHG) emissions, energy and water usage, waste, and toxicity; increase the circularity of our economy; and support clean, renewable industries.</td>
<td>Their Fleet Team and Recreation Department replaced their fleet of 22 fossil fuel-run ice resurfacers with electric powered alternatives. They assessed the Total Cost of Ownership (TCO) of fuel versus electric fleets over the total lifespan of owning and using the machines. Even with the increase in initial purchase cost and a mid-life cycle battery replacement, the City found that over the 20-year life cycle of these units, they expect to save $1,711,160.</td>
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<tr>
<td><strong>Social Procurement</strong></td>
<td><strong>Toronto Recognized for Supply Chain Diversity</strong></td>
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<td>Fosters economic inclusivity by creating opportunities for equity-seeking groups and other target populations. This includes purchasing from suppliers that offer social value, such as non-profits, social enterprises, and diverse suppliers, and mandating suppliers to deliver social value as a condition of the contract, often outlined through Community Benefit Agreements (CBAs).</td>
<td>The City's Social Procurement Policy requires purchases between $3,000 and $100,000 must invite at least one certified diverse supplier to submit a quotation as part of its three-quote process. Coordinators provide social procurement information sessions for staff and update and post a list of diverse suppliers on the City's intranet on a monthly basis. For competitive purchases over $100,000, suppliers are encouraged to develop their own supplier diversity programs and may be awarded up to three points in the RFP evaluation process for doing so.</td>
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<td><strong>Indigenous Procurement</strong></td>
<td><strong>City of Saskatoon Indigenous Procurement Policy</strong></td>
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<td>Promotes reconciliation through contracting and subcontracting Indigenous businesses; increasing employment and skills development opportunities for Indigenous peoples; and otherwise engaging them in public spending in alignment with the Government of Canada's Truth and Reconciliation Commission's Call to Action 92, Business and Reconciliation, and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).</td>
<td>The City of Saskatoon awards contracts for the delivery of goods and services to Indigenous companies, which require 50% or more of the company to be owned, managed and controlled by Indigenous people.</td>
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<td><strong>Ethical Procurement</strong></td>
<td><strong>City of Vancouver Ethical Uniforms Purchasing</strong></td>
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<td>Involves reducing 'sweatshop labour' by setting workplace standards for suppliers and subcontractors. This involves assessing compliance with International Labour Organization's conventions against child labour, forced labour, and employment discrimination, and the compliance with the UNs' Universal Declaration of Human Rights.</td>
<td>Through the Ethical Purchasing policy, the City was able to implement and ensure that all of their suppliers meet the performance standards in the Supplier Code of Conduct, which includes core labour conventions of the International Labour Organization. It states that any apparel purchasing is required to be placed into the City's procurement documentation.</td>
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MYTH BUSTERS

“Sustainable goods and services are more expensive”

Purchasing sustainable products or services now generally costs the same as buying traditional or less environmentally preferable products. When higher upfront costs exist, often overall benefits of sustainable products or services will create a valuable investment. Costs can also be mitigated when considering the lifecycle or total cost of ownership of a product or service. The more sustainable choice often turns out to be the most affordable choice. Switching to sustainable purchasing can also avoid substantial risk and mitigation costs in the future.

Success Story | Halifax Regional Municipality
In 2019, Halifax Regional Municipality hired a local social enterprise called LakeCity Works, that employs people with barriers to employment to create wooden picnic tables at the lowest per-unit cost than any of their competitors. Their experience working with LakeCity Works exemplifies how businesses can deliver economic, environmental, and social value at competitive prices.

“Sustainable options are either not available or not as effective”

The market for sustainable products has exploded in the last decade. Some product categories have a significant number of sustainable options, increasing the likelihood of receiving competitive bids if sustainable attributes are required. Most times, sustainable products meet the same quality specifications as their non-green counterparts and may actually provide superior performance and innovative value-add.

Success Story | City of Winnipeg
The City of Winnipeg recently updated their roster of multifunction printing devices. They received several RFPs from vendors and awarded the contract to Carlyle Printers, Services and Supplies with their suite of sustainable HP products. The sustainability features and services offered will save on energy, have less waste, and will be more durable even beyond the contract.

“Implementing sustainable procurement will take too much time”

Initially, sustainable purchasing does require some time investment to develop a policy framework, integrate sustainability into procurement processes, and to train staff. However, tools to help integrate sustainability into all types of procurement practices are available and can be adapted to your jurisdiction’s specific needs.

Success Story | Living Wage Certified
The City of Edmonton, City of Burnaby, and City of Kingston became Living Wage Certified in Fall 2019 by replicating efforts by the City of Vancouver and tapping into support organizations like BC’s Living Wage for Families Campaign and the Ontario Living Wage Network for certification.
IT TAKES A VILLAGE: WHO DOES WHAT?

City Councillors and staff must work closely together to implement sustainable procurement. Understanding how each role plays a part in developing and implementing sustainable procurement in your city is key to success. Below is a set of recommended actions that elected officials, local authorities and communities can consider, adjust and modify to fit their particular local context.

**Leadership & Councillors**

Ensure that procurement staff have clear goals and are equipped with the resources they need like:
- Provide directive to create a strategy and action plan to develop a program
- Approve budget for a full-time staff member to deliver on the action plan
- Drive accountability and connect with staff members to achieve goals by mandating regular reporting back on progress

**Sustainability & Procurement Staff**

Assist in the implementation of the various elements of the sustainable procurement program.
- Create and maintain sustainable procurement strategy, policies, procedures and tools
- Institute ongoing monitoring of existing programs for continuous improvement
- Ongoing training and engagement for all buyers, contract managers, and suppliers
- Ensure that procurement policy and training align with sustainability plans and commitments

**Deparmental Staff & Business Units**

Execute sustainable procurement policies and goals established by Councillors.
- Seek out and identify sustainability opportunities within purchasing needs and upcoming procurements
- Support the incorporation of assigning weighting to sustainability criteria in solicitations
- Provide functional and performance requirements and advice on incorporating sustainability into project planning, sourcing strategies, etc.

**Suppliers & Vendors**

- Seek opportunities for sustainable procurement training
- Contribute to sustainable procurement targeted data collection as requested by buyers
- Collaborate with buyers to identify opportunities to improve sustainability of goods and services

**Community Stakeholders**

- Show interest and advocate for sustainable procurement goals
- Encourage the City to push for more ambitious goals
- Help profile interesting and small local or diverse suppliers
GET STARTED IN YOUR CITY

CCSP’s Best Practice Framework

This recommended 10-point framework helps guide cities on how to create high performing sustainable procurement programs, benchmark their progress, and develop simple action plans for continuous improvement.

1. STRATEGY AND ACTION PLAN
A sustainable procurement strategy outlines the long-term vision for a sustainable procurement program and provides a clear course of action for implementing and managing it.

2. STAFFING AND RESOURCES
Staff have sustainable procurement embedded in their role descriptions and are given dedicated technical and financial resources to design, implement, and manage the organization’s sustainable procurement program.

3. POLICY
Provide a mandate, clarity and direction on the importance of considering sustainability risks and opportunities in procurement.

4. HIPO LIST
Identify specific product and service categories for sustainable procurement based on risk, impact, volume, spend, and/or strategic importance for sustainability. Continually update HIPO List with new targets and procurement categories.

5. PROCUREMENT PROCEDURES
Outline how sustainability requirements will be integrated into each major type of procurement process, whether sole sourcing, or multiple quotes.

6. TOOLS
Enable staff with templates and checklists to take a standardized approach to assessing sustainability risks and opportunities and making informed purchasing decisions.

7. TRAINING AND ENGAGEMENT
Help staff understand sustainable procurement strategy, policies, and priorities, and empower them to integrate sustainability into purchasing decisions.

8. MEASUREMENT AND REPORTING
Take regular stock of performance on sustainable procurement goals, and highlight successes, challenges, and opportunities.

9. SUPPLIER ENGAGEMENT
Engage suppliers on sustainability priorities and invite them to be partners in addressing risks and creating innovations. Some suppliers may be leaders and help inform organizational efforts, while other suppliers may require training and support.

10. LEADERSHIP AND COLLABORATION
Advance the field of sustainable procurement and build mutually beneficial resources for all stakeholders, through leadership and collaboration with other organizations and sectors.
BUYING BACK BETTER: YOUR CALL TO ACTION

Every year local governments spend tens of billions of dollars on goods and services which could be greener, ethically sourced and come from local, Indigenous or socially responsible suppliers. We need to leverage this opportunity to ‘buy the future’ we all want.

LEARN WHAT YOUR CITY IS DOING TODAY

Questions to Ask | Checklist

☐ Have we adopted a sustainable procurement policy? Does it include all four pillars?

☐ Do we have budget dedicated to support a sustainable purchasing program?

☐ Have we recently connected with staff about sustainable procurement?

☐ Have we asked our staff to report back on their progress/impact?

CONNECT WITH YOUR STAFF TODAY

Questions to Ask | Checklist

☐ Who is responsible for sustainable purchasing in our organization?

☐ Do we have sustainable procurement goals for our organization?

☐ What kind of additional resources or support is required to meet these goals?

☐ What are some measures we are using to track success?

☐ What are our current sustainable procurement HIPOs?
JOIN THE MOVEMENT

Connect with your peers and support your staff by joining the Canadian Collaboration for Sustainable Procurement (CCSP).

CCSP is a member-based network of Canadian public sector institutions working together to better align their spending with their values, corporate priorities and sustainability commitments. The CCSP helps members learn what their peers are doing, replicate successes, and save time and effort in implementing their sustainable procurement programs.

CCSP services include Peer Exchange webinars, which offer interactive discussions around trends and best practices, a facilitated Working Group enabling members to create new tools and resources, and an online Resource Centre of tools, templates, and research. Each member also receives a contact directory, one to one benchmarking sessions, and up to 5 hours of customized support per year.

CCSP’s 2019 Annual Report highlights national sustainable procurement trends, showcases member benchmarking and accomplishments, and features success stories from across the country.

Other Sustainable Procurement Organizations
SUSTAINABLE PROCUREMENT TERMS

ENVIRONMENTAL PROCUREMENT

Circular Economy is a systemic approach to economic development designed to benefit businesses, society, and the environment. It is regenerative and aims to gradually decouple growth from the consumption of finite resources.

Total Cost of Ownership is a financial estimate intended to help buyers and owners determine the direct and indirect costs of a product or service.

Fair Trade is an arrangement designed to help producers in developing countries achieve sustainable and equitable trade relationships.

Green or Environmental Preferable Procurement aims to reduce greenhouse gas (GHG) emissions, energy and water usage. It also addresses waste and toxicity, supports clean, renewable industries, and increases the circularity of our economy.

SUSTAINABLE PROCUREMENT TERMS

Fair Wages are minimum wage rates for specific occupations. These policies generally apply to government construction work and tied to union wage rates, ensuring contractors do not slash wages and benefits.

Community Benefits Agreement (CBAs) require suppliers to provide jobs, training, procurement opportunities, and other benefits to marginalized and target groups in a particular community.

Local Procurement refers to the purchase of goods and services from suppliers in the buyer’s region and aims to foster local economic development and build stronger relationships with their community.

PROCUREMENT TERMS

Bid is an offer to provide services or supply goods as a result of a solicitation.

Competitive bidding processes require that all bidders be placed on an equal footing, and that they bid under the same terms and conditions.

Low value purchase, less complex and a low risk, with an estimated total value below procurement thresholds, including all applicable taxes.

Procurement: The acquisition through purchase or lease of real property, goods or other products (including intellectual property), works or services.

Purchase Card (or p-card) is a charge card issued under a contract between a card issuer and Canada for the procurement and payment of goods and services for authorized official government business.

Quotation: An offer in response to a Request for Quotation. However, if it is in response to an enquiry, it is simply a statement of price and availability.

Request for Proposal (RFP) is a form of bid solicitation used where the selection of a supplier cannot be made solely on the basis of the lowest price. An RFP is used to procure the most cost-effective solution based upon evaluation criteria identified in the RFP.

Request for Quotation (RFQ) is a solicitation document used to solicit bids for low dollar value requirements generally below $25,000 for goods and $40,000 for construction and services, including all applicable taxes, from one or more suppliers (please note this can vary across municipalities).

Specifications is a description of the technical requirements for a material, product or service.

SOCIAL & ETHICAL PROCUREMENT TERMS

Supplier Code of Conduct is created for the purpose of ensuring that a company’s suppliers put into place safe working conditions and their employees are treated with respect.

Equity-Seeking Groups, often referred to as marginalized populations, include women, Indigenous peoples, members of visible minorities and persons with disabilities.

Target Populations are groups that are of special interest to a community that fall outside of traditional equity-seeking groups (e.g., youth, new immigrants, LGBTQ+, veterans, and small-medium-sized enterprises).

Social Value is a way of thinking about how scarce resources are allocated and used. It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is.

Social Enterprise is an entity with a mission to achieve social, cultural or environmental aims through the sale of goods and services that reinvests the majority of its profits back into its mission.

Diverse Suppliers are majority-owned, managed, and controlled by Indigenous Persons or individuals from an equity-seeking community including, but not limited to, women, racialized minorities, persons with disabilities, newcomers, and LGBTQ+ persons.

Living Wages reflect the hourly amount a family needs to earn to cover basic expenses in their specific community. Living wages reduce severe financial stress by lifting families out of poverty and providing a basic level of economic security.