

Sustainable Procurement Measurement and Reporting

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## Sustainable Procurement Measurement and Reporting

Advancing sustainable procurement is a matter of leveraging an organization's purchasing power to include ethical, environmental, Indigenous, and social value considerations. The City does this through two primary methods:

1. **Diverse Spend** - Find pathways to direct spend with social, Indigenous and environmentally responsible companies
2. **Sustainable Procurement Criteria and Contract Requirements** - Influence suppliers and contractors to provide sustainable benefits through our procurements.

In 2024, the City experienced the most growth in sustainable procurement since the inception of the Sustainable Procurement Policy C556C. Diverse spend increased by 57 per cent from 2023 and the application of sustainable procurement criteria and contract requirements rose from 80 per cent of competitive procurements in 2023 to 92 per cent of competitive procurements in 2024. Even with such improvements, there are opportunities for further growth in the coming years. Namely in improving data collection around sub-contracting relationships where sustainable and social benefit is obtained, and implementing Indigenous set aside approaches and community benefit agreements on large projects.

The following analysis highlights the advancement of both Diverse Spend and the application of Sustainable Procurement and Contract Requirements in 2024.

### 1. Diverse Spend

As stated in the Diversity and Inclusion Policy - C538, the City of Edmonton recognizes diversity as “a defining feature of Edmonton’s past, present and future” and that “through inclusion, the City of Edmonton makes full, effective use of the broad range of talents, abilities and perspectives found amongst our citizens.”

Aligned with these statements, and to lead meaningful contributions to the City’s Sustainable Procurement Policy - C556C, the City wants to develop a supplier network that is broadly reflective of Edmonton's diverse communities and identify opportunities to increase representation and create equitable access to City contracts and procurement opportunities.

Diverse spend is defined as the amount of money spent directly with a business majority owned by an Indigenous or equity-seeking individual or group as well as money spent directly with a social enterprise or social purpose organization.

The following analysis provides an overview of the current state of the City's efforts in diversifying its supplier base. It should be noted that at this time, the City is primarily collecting data related to suppliers that the City contracts with directly. Data related to subcontracting is vitally important, and a direct policy outcome, and work is underway to capture this information for future reports. Furthermore, as the data relies on supplier self-reporting, the true number of diverse suppliers and associated spend is likely greater than what is officially recorded.

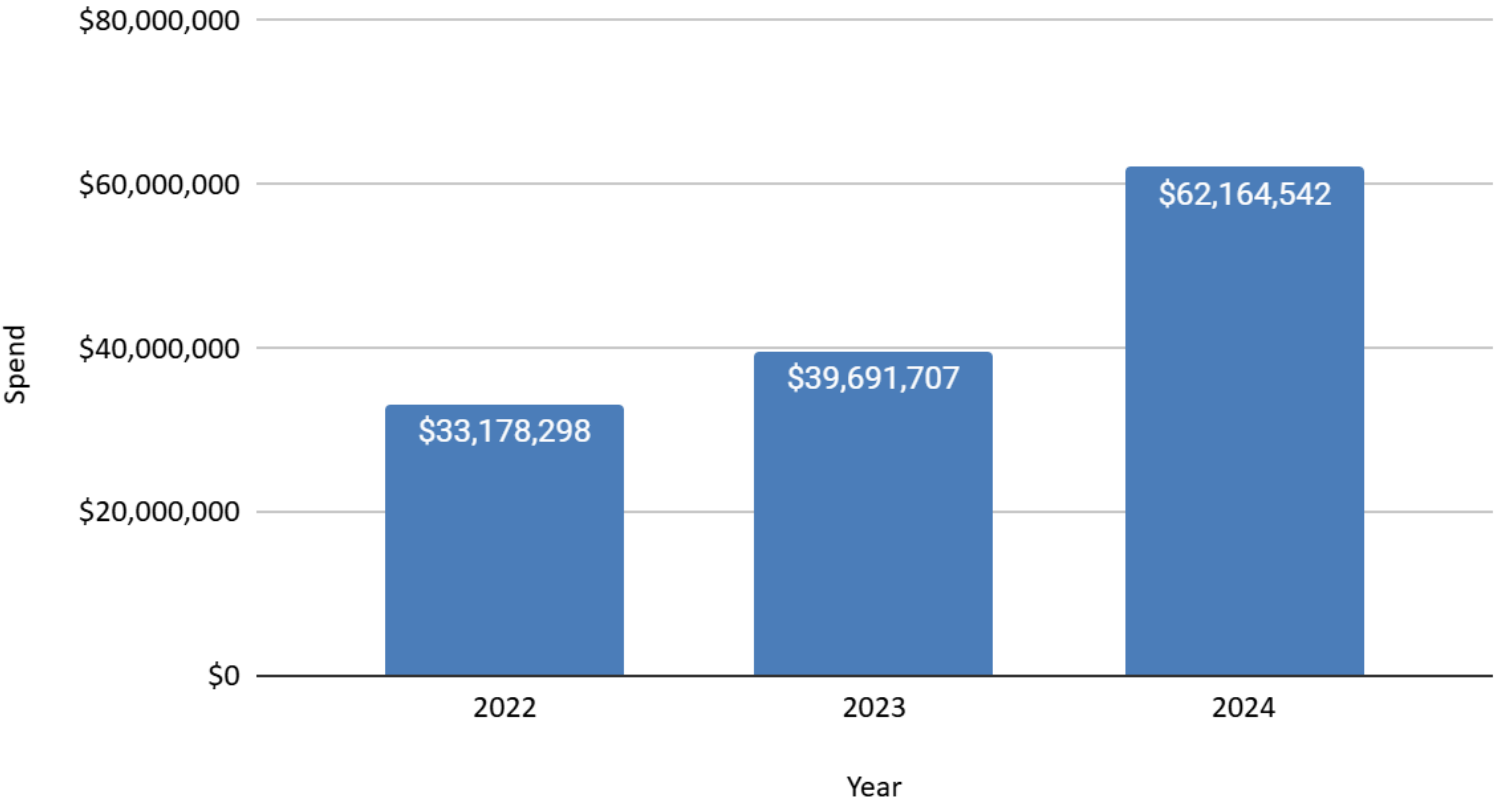
**a. 2024 Diverse Spend Total:**

Diverse Supplier Category	2024 Spend	Total Suppliers
Social enterprise	\$744,089	1
Social purpose organization	\$3,469,101	12
Indigenous-owned business	\$4,268,796	20
Business owned by racialized people	\$14,179,983	15
People with disabilities/disabled persons	\$3,366,772	2
Business owned by 2SLGBTQQIA+	\$54,915	1
Business owned by an immigrant or refugee	\$23,083,318	7
Women-owned business	\$12,997,569	43
<b>TOTAL:</b>	<b>\$62,164,542</b>	<b>101</b>

b. Trends

Total diverse spend for 2024 was \$62,164,524 which is a 57 per cent increase from 2023 when the diverse spend was \$39,691,707. The 2023 spend was a 20 per cent increase from 2022, when the diverse spend was \$33 million.

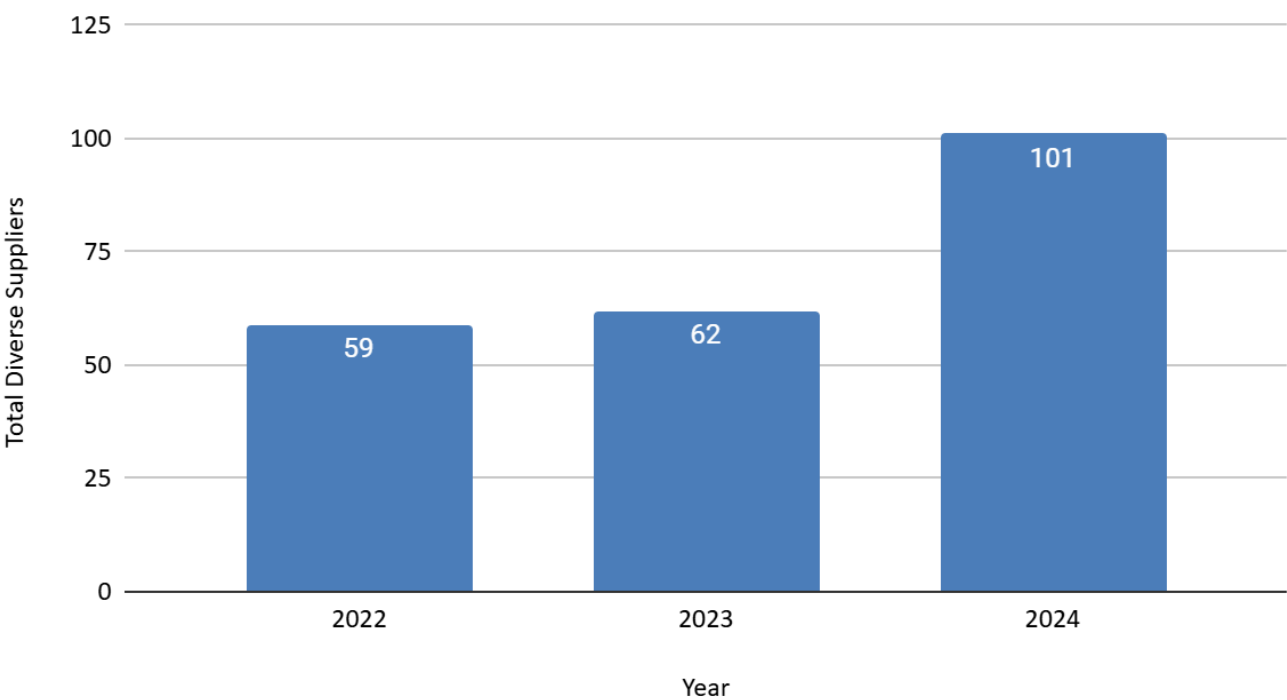
Spend vs. Year



c. **Supplier Diversity**

Supplier diversity increased in 2024 with a total of 101 suppliers declaring their organization as a diverse supplier. This is a 39 per cent increase from 2023 when the total number of diverse suppliers was 62. It is also a 42 per cent increase from 2022 when the total number of diverse suppliers was 59.

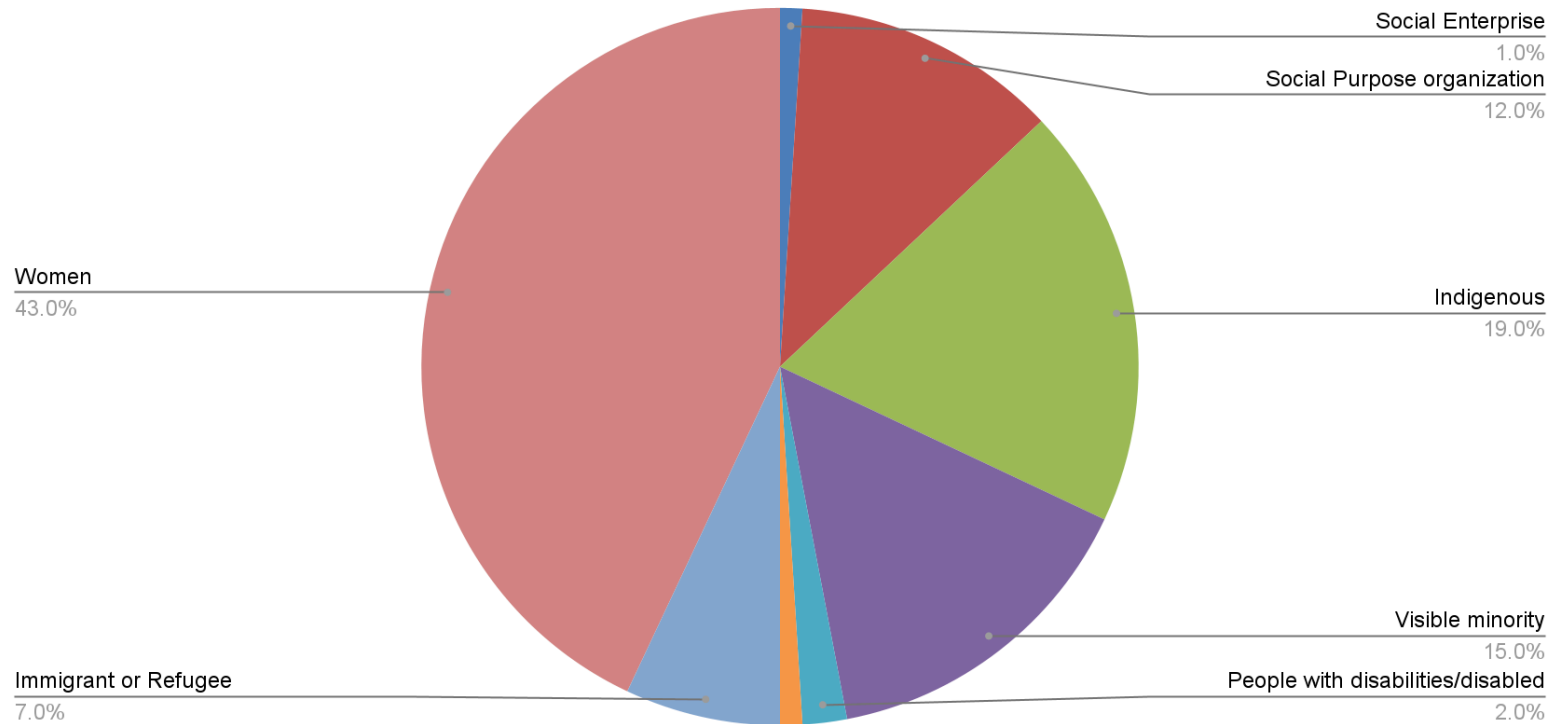
Total Diverse Suppliers vs. Year



Of the 101 diverse suppliers, the majority were women-owned businesses (43 per cent). The second highest category of diverse suppliers are Indigenous-owned businesses at 19 per cent of the diverse suppliers.

Diverse Supplier Category	Total Suppliers
Social enterprise	1
Social purpose organization	12
Indigenous	20
Racialized	15
People with disabilities/disabled persons	2
2SLGBTQIA+	1
Immigrant or refugee	7
Women	43
Total	101

## Diverse Supplier Categories



The following analysis demonstrates the opportunity for further diversification of City supply chains. The City purchases from 1,500 active suppliers, with only 101 of them considered Indigenous or diverse, leaving significant opportunities to further develop and grow the City's Indigenous and diverse supplier base. Additionally, through large project procurement, the City indirectly procures from a large number of subcontractors and subconsultants.

## Attachment 5

The social and sustainable benefits of subconsulting relationships within these large projects is not captured in the analysis below. It should be noted that the data is based on suppliers' self-reporting, therefore the actual number of diverse suppliers is likely higher. In 2025, Administration will be revisiting the data collection methodology to address these gaps.

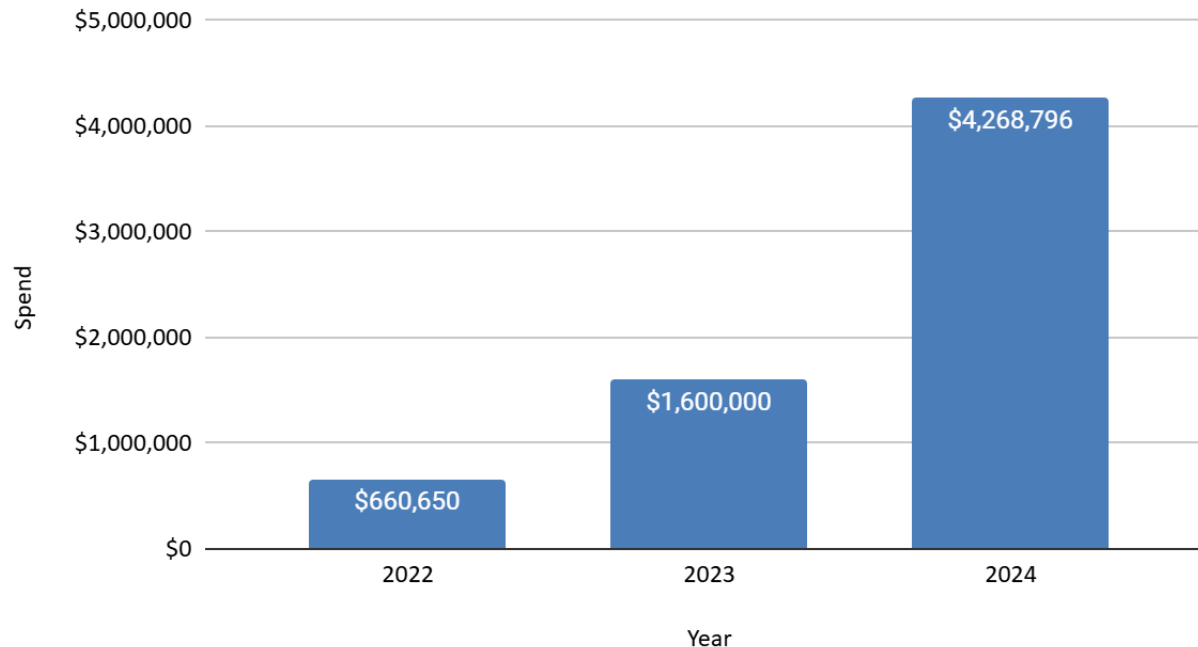
<b>Metric</b>	<b>City of Edmonton Suppliers 2022</b>	<b>City of Edmonton Suppliers 2023</b>	<b>City of Edmonton Suppliers 2024</b>
Total # of active City of Edmonton suppliers	1,574	1,574	1,500
Business owned by an immigrant or refugee	3 (0.2%)	3 (0.2%)	7 (0.4%)
Business owned by racialized people	9 (0.6%)	6 (0.4%)	15 (1%)
Women-owned business	29 (1.8%)	29 (1.8%)	43 (2.87%)
Business owned by people with disabilities/disabled persons	0	0	2 (0.13%)
Indigenous-owned business	9 (0.6%)	13 (0.8%)	20 (1.33%)
Business-owned by 2SLGBTQQIA+	2 (0.13%)	1 (0.06%)	1 (0.07%)
Veteran-owned business	1 (0.06%)	1 (0.06%)	0
Social purpose/ enterprise organizations	5 (0.3%)	9 (0.6%)	8 (0.53%)



**d. Indigenous Spend**

Indigenous spend for 2024 was \$4,268,796, from 20 different Indigenous suppliers. This is up from the \$1,600,000 from 12 suppliers in 2023 and \$660,650 from 9 suppliers in 2022.

Spend vs. Year



The increase in Indigenous spend can be attributed to the socialization of Indigenous reconciliation throughout the City, which has guided staff to apply a more concerted effort in finding pathways for Indigenous business to participate in City procurements and projects. Examples include the contract awarded to Enoch Civil Construction for slope stabilization at Snow Valley Ski Hill and the contract awarded to First Nation Inspection Authority for safety codes inspection services.

## **2. Sustainable Procurement Criteria and Contract Requirements.**

The City leverages its purchasing power to influence suppliers and bidders to support social, Indigenous and environmental benefits. The inclusion of sustainability-related evaluation criteria and contract requirements within City procurements aids in meeting this goal.

### **a. Sustainable Procurement Menu**

The Sustainable Procurement Menu was introduced in 2023 and is to be applied to all applicable procurements and contracts. This menu includes sustainable procurement evaluation criteria to evaluate bidders on their maturity and capability in selected sustainable procurement elements. Bidders who score well with sustainable procurement evaluation criteria increase their chances of winning a contract award from the City. The procurement criteria are selected and weighted based on the most appropriate social, Indigenous, environmental or ethical standards for the scope of work proposed. Typically, criteria is weighted from 5-10 per cent, but some procurements with high-impact opportunities have been weighted even higher.

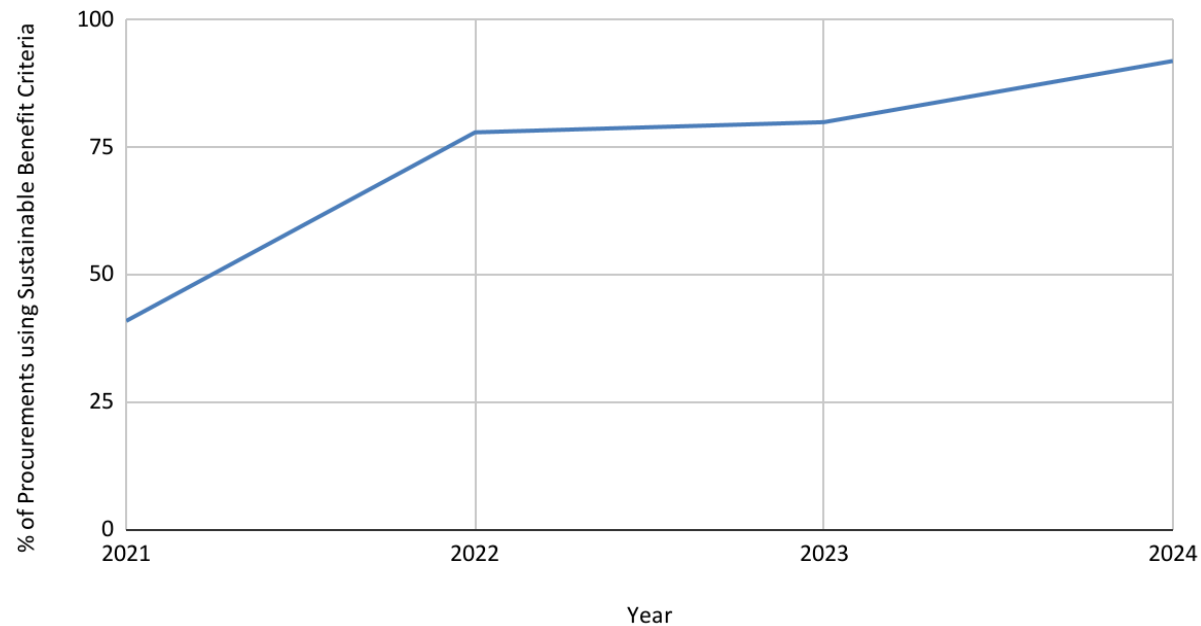
In addition to the evaluation criteria, the menu also includes contract requirements which are intended to produce positive social, Indigenous and environmental outcomes during the life of the contract. Examples of these outcomes could be Indigenous/equity employment, subcontracting, or training and apprenticeship opportunities. Examples of environmental outcomes could include greenhouse gas, waste or pollution reduction.

**b. Sustainable Procurement Menu Usage**

The sustainable procurement menu is not mandatory and there are certain procurements that do not align with sustainable criteria, such as highly specialized services where the market may not have a diverse supplier base.

In 2024, 92 per cent of competitive procurements included sustainable benefit criteria, up from the 80 per cent in 2023, 78 per cent in 2022 and 41 per cent in 2021.

**% of Procurements using Sustainable Benefit Criteria vs. Year**



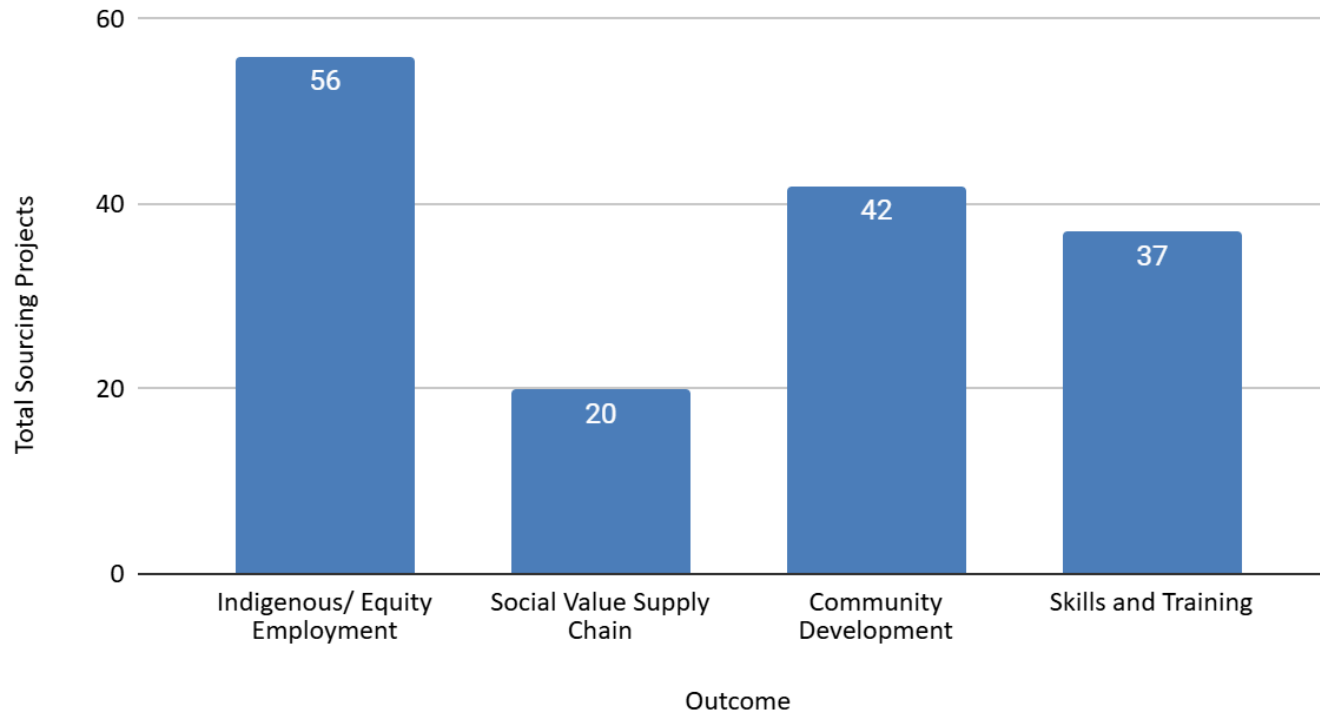
**c. Sustainable Procurement Menu: Social and Indigenous Evaluation Criteria**

A total of 118 procurements in 2024 applied social and Indigenous related procurement evaluation criteria from the sustainable procurement menu. A single procurement could include criteria from multiple outcomes depending on the value and nature of the contract award. The social and Indigenous evaluation criteria align with four main outcomes:

Outcome	Defintion
Indigenous/ Equity Employment	Criteria based around a bidder's maturity in offering employment opportunities to Indigenous and equity-deserving individuals
Social Value Supply Chain	Criteria based around a bidder's maturity in providing procurement opportunities to diverse and Indigenous businesses
Community Development	Criteria based around a bidder's experience in supporting various community initiatives
Skills and Training	Criteria based around a bidder's maturity in providing training and apprenticeship opportunities including for Indigenous and equity-deserving individuals

The following is a summary of social/Indigenous criteria outcomes used in procurements (sourcing projects):

### Total Sourcing Projects vs. Outcome 2024



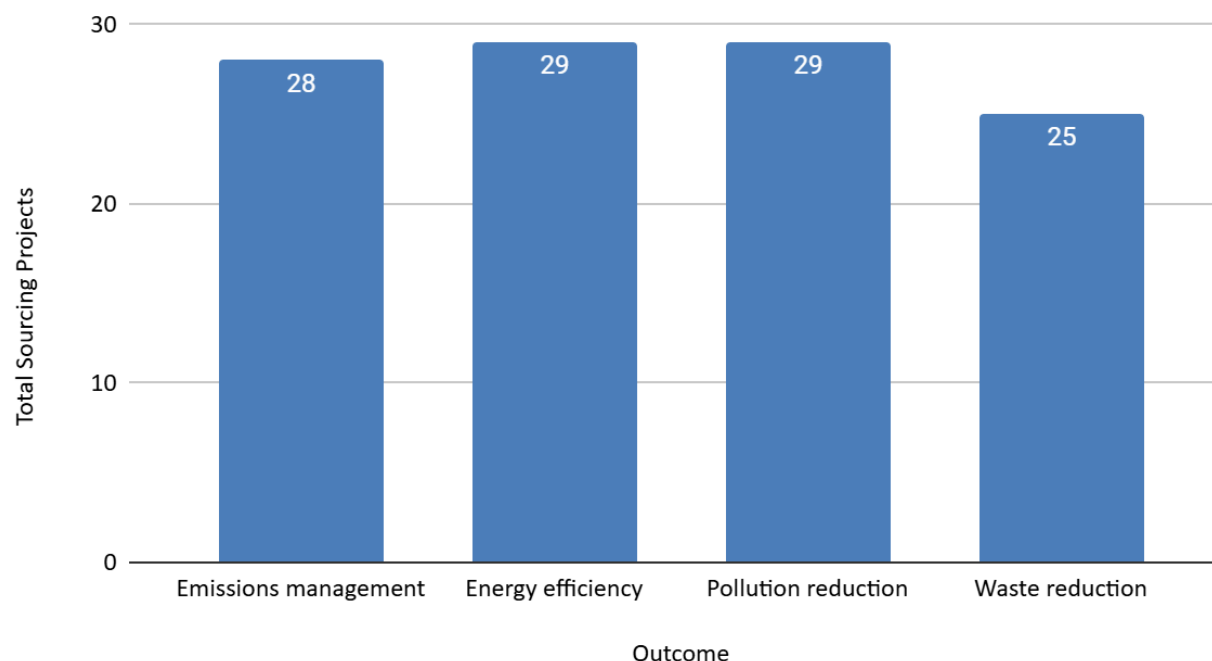
**d. Environmental Evaluation Criteria**

A total of 34 procurements used environmental evaluation criteria. A single procurement could include criteria from multiple outcomes depending on the value and nature of the contract award. The environmental evaluation criteria align with four main outcomes:

Outcome	Defintion
Emissions Management	Criteria based around a bidder's experience in managing emissions throughout their operation
Energy Efficiency	Criteria based around a bidder's ability and strategies to reduce energy consumption and gain energy efficiency over the lifetime of products, equipment or services
Pollution Reduction	Criteria based around a bidder's ability and strategies to reduce overall pollution over the lifetime of products, equipment or services as well as within their own operation
Waste Reduction	Criteria based around a bidder's ability and strategies to reduce overall waste over the lifetime of products, equipment or services as well as within their own operation

The following is a summary of environmental criteria outcomes used in procurements (sourcing projects):

Total Sourcing Projects vs. Outcome 2024



#### e. Contract Requirements

In addition to the evaluation criteria, the sustainable procurement menu also includes contract requirements that can be included at the City's discretion. Contract requirements mandate suppliers and contractors to provide positive social, Indigenous and environmental outcomes throughout the contract term and include requirements for regular reporting on whether the outcomes are being achieved.

Contract requirement selection is based on the value and nature of the contract. City contract managers identify whether opportunities exist for positive sustainable outcomes and if so include the appropriate contract requirements to achieve the outcome(s).

Similar to the evaluation criteria, a single procurement could include multiple contract requirements from multiple outcomes depending on the value and nature of the contract award. In 2024 there are 23 contracts that include either social/Indigenous or environmental contract requirements.

i. Social/Indigenous Contract Requirements

Social and Indigenous contract requirements are designed to provide positive social and Indigenous opportunities based on three types of outcomes:

Outcome	Defintion
Indigenous/Equity Employment	Contract requirements that mandate the supplier or contractor to provide employment opportunities to Indigenous and equity-deserving individuals during the life of the contract
Social Value Supply Chain	Contract requirements that mandate the supplier or contractor to provide procurement and subcontracting opportunities to Indigenous and diverse owned businesses
Skills and Training	Contract requirements that mandate the supplier or contractor to provide training and apprenticeship opportunities including for Indigenous and equity-deserving individuals



The breakdown of the Social/Indigenous contract requirement outcomes for 2024 is as follows:

Total Contracts vs. Social/Indigenous Outcome



**ii. Environmental Contract Requirements**

The environmental contract requirements are designed to provide positive environmental benefits based on five types of outcomes:

Outcome	Defintion
Emissions Management	Contract requirements that mandate the supplier or contractor to control and limit emissions during the life of the contract
Energy Efficiency	Contract requirements that mandate the supplier or contractor to reduce energy consumption and gain energy efficiency during the life of the contract
Pollution Reduction	Contract requirements that mandate the supplier or contractor to reduce overall pollution during the life of the contract
Waste Reduction	Contract requirements that mandate the supplier or contractor to reduce overall waste during the life of the contract
Water Reduction	Contract requirements that mandate the supplier or contractor to reduce water consumption during the life of the contract

The breakdown of the Environmental contract requirement outcomes for 2024 is as follows:

Total Contracts vs. Environmental Outcome

