

Procurement Policies

Sustainable, Environmental and Ethical Procurement

Recommendation:

That Executive Committee recommend to City Council:

That the Sustainable Purchasing Policy, as outlined in Attachment 1 of the December 31, 2009, Corporate Services Department report 2009COP031, be approved.

Report Summary

This report presents a Sustainable, Purchasing Policy for approval, and provides information related to the implementation plan for this policy.

Previous Council/Committee Action

At the May 20, 2009, Executive Committee meeting, the following motion was passed:

That Administration prepare a sustainable, environmental and ethical procurement policy based on recommendations contained within the April 20, 2009, Corporate Services Department report 2009COP013.

Report

- The City of Edmonton is widely recognized for its innovation and excellence in environmental and social sustainability.
- Sustainable purchasing is the process by which organizations acquiring goods and services consider the environmental, social and ethical impacts of their purchasing decisions, in addition to

traditional considerations related to price, quality and performance.

- Leading Canadian and North American municipalities express their commitment to sustainable purchasing by enacting clear policy objectives.
- The City spends approximately \$1.5 billion per year on goods, services and construction. This purchasing power provides considerable leverage to drive desired changes in the marketplace, related to advancing suppliers' environmental and ethical practices and offerings.
- Administration fully supports the adoption of a Sustainable Purchasing Policy to enhance the City's purchasing practices and recognizes that this policy supports City objectives related to environmental management, sustainable infrastructure, diversity and inclusion, and consumption reduction initiatives. The Policy is seen as a facilitator to advance both new and existing sustainability initiatives.
- Successful implementation of the Policy is expected to produce many benefits for the City, both operationally and in terms of the City's image and reputation.

Sustainable Purchasing Policy

- The Sustainable Purchasing Policy (Attachment 1), the Sustainable Purchasing Procedure (Attachment 2) and related Supplier Code of Conduct (Attachment 3) provide a specific framework for purchasing decision-making that incorporates the City's commitment to sustainability. It recognizes supplier sustainability innovation and

leadership while also establishing minimum environmental and ethical workplace standards.

- This policy applies to all Departments reporting to the City Manager and the Office of the City Auditor. The policy does not apply to civic agencies such as the Edmonton Police Service or the Edmonton Public Library; however these agencies may elect to work with Administration to implement similar approaches.
- The product/service scope of the Policy includes the procurement of all goods, services and construction at the City. Administration recognizes that given the breadth and scale of City purchases, full implementation of the Policy will be phased in over time.
- The Policy directs the purchase of goods and services that meet the highest possible environmental and ethical standards wherever practical.
- It also requires City suppliers and their sub-contractors to comply with a supplier code of conduct that sets out minimum performance standards related to fair workplace issues, such as child labour, forced labour, hours of work, harassment and environmental compliance. This code of conduct also outlines compliance, auditing and information disclosure requirements for suppliers.
- The proposed Policy closely mirrors the City of Calgary Sustainable Environmental and Ethical Procurement Policy. This will allow for similar supplier information and disclosure requirements in order to minimize the impact of this Policy to the supplier community in Alberta.

- This policy does not include fair wage or living wage standards for City suppliers or sub-contractors.

Policy Development & Implementation Planning

- The development of this Policy and the Supplier Code of Conduct was managed by a project team led by the Materials Management Branch and included representatives from the Office of Environment, Office of Diversity and Inclusion, and Corporate Communications, with strategic support provided by an external consultant.
- The team consulted widely with Branch Managers, City staff involved in environmental and respectful workplace initiatives, the supplier community and key industry associations. Stakeholders were highly supportive of the direction set by the Policy and Supplier Code of Conduct. Stakeholder input was extremely valuable in identifying linkages and synergies with existing City initiatives as well as refining implementation plans.

Policy Implementation Plan

- Rather than treating implementation as a “project,” the intent is to embed sustainability into our standard purchasing processes and practices so that it becomes integrated as a natural consideration for everything that we buy.
- Implementation of this Policy will be phased in over time, building on existing sustainability programs and initiatives, and initially focusing on a limited number of product/service categories.
- Products and services will be assessed for viability with a

sustainable purchasing approach based on a number of criteria, including the value of the annual spend, environmental/ethical risks or opportunities, maturity of the marketplace around sustainable offerings, credible and applicable eco-certifications, or opportunities for financial return.

- A recommended list of product and services categories to be considered in year one of the implementation includes:
 - External Printing
 - Uniforms & Apparel
 - Promotional Items
 - Coffee, Tea, Food Products
 - Paints
 - Hauling services
 - Cleaning Products & Services
 - Short-term vehicle rentals
 - Unmanaged purchases (e.g. Appliances/Electronics/Hand tools, etc.)
- In categories that are pursued, consideration will be given to driving procurement efficiencies and savings by establishing corporate standards and leveraging volumes through corporate agreements.
- A communication and training plan identifies a number of key audiences, tactics and key messages for both internal audiences and the supplier community to be activated upon City Council approval of the Policy.
- This includes awareness tools to support sustainable purchase decisions for routine low-value and credit card purchases made by City staff. Considerations such as local manufacture, fair-trade or eco-certifications, reduced packaging and evidence of good corporate social responsibility will be promoted when considering purchases in these unmanaged categories.
- A comprehensive policy toolbox is currently in development to support the implementation. This toolbox will consist of standard tender clauses, evaluation matrices, supplier disclosure tools, supplier sustainability leadership questionnaire, internal and external web-site resources, staff training materials, etc.
- Materials Management will play a significant role in the implementation of this Policy by working with Departments to develop and apply sustainability requirements and criteria into the tendering process, by providing training and information to staff and suppliers, updating the Policy and supplier code of conduct as required, as well as regular monitoring and reporting on policy progress, compliance, benefits, cost implications and challenges.
- Within Departments, staff will follow the principles outlined in the Policy and apply the related tools and procedures to all purchasing activities in accordance with the implementation plan.
- Operational success will be gauged by ensuring no material impact on service delivery to City departments, that sustainability benefits are being realized in an economically viable manner, that the City and suppliers receive positive recognition as a result of the program and that supply chain improvements and innovations are evident through reporting and engagement with suppliers.
- The 2010 performance measure will focus on the extent and level of staff awareness to the policy, its

requirements and their roles in supporting its success.

- A recent article in Municipal World Magazine highlighted five barriers to successful sustainable purchasing policies. These include:
 1. Lack of budget to accommodate the additional cost
 2. Budget short-termism vs. long-termism
 3. Lack of procurement processes
 4. Lack of resources or knowledge to research sustainability attributes or verify claims
 5. Lack of top management commitment or political support
- While the marketplace for sustainable products and services continues to grow and is becoming increasingly cost competitive, purchase prices for certain products or services may in fact be higher than less sustainable alternatives. In some cases, a higher purchase price may be offset by life-cycle savings generated through energy efficiency, reduced maintenance or other attributes.
- Leading practice links sustainable purchasing with product standardization and volume aggregation as well as consumption reduction efforts (where possible) to offset any additional costs associated with sustainable purchasing.
- By considering the social, environmental and economic development benefits of sustainable purchasing, the City can take a leadership position in promoting market growth and innovation of sustainable goods, services and construction by acknowledging that it is willing to spend more to

demonstrate its commitment to sustainable purchasing.

Focus Area

This Policy supports City Council's vision and strategic goals to *Preserve and Sustain Edmonton's Environment* and to *Diversify and Strengthen Edmonton's Economy*. In addition, this Policy supports numerous corporate policies, directives, programs and initiatives.

Budget/Financial Implications

In the 2010 Budget, Council approved an increase of one FTE for the implementation of this Policy. Funding is to be found within the Department's existing budget.

Justification of Recommendation

Many Canadian cities have established sustainable purchasing policies in order to demonstrate their commitment to social and environmental leadership.

Successful implementation of this Policy will bring value to the City by limiting liability and risk related to purchasing products and services that may be harmful to the environment or that may be manufactured in substandard conditions, capturing financial savings resulting from the eco-efficiencies associated with reduced packaging, toxicity and energy consumption and will result in an enhanced brand and reputation for the City.

Others Approving this Report

Senior Management Team

Attachments

1. Sustainable Purchasing Policy C556
2. Sustainable Purchasing Procedure
3. Supplier Code of Conduct