

MAKING BETTER CHOICES:  
A SUSTAINABLE PURCHASING APPROACH



# 1.1 EXECUTIVE SUMMARY

## Sustainable Procurement: Formalizing ad-hoc practices to amplify impacts

The City of Mississauga derives significant environmental and financial benefits from its installation of LED street lighting through savings on energy consumption and the associated greenhouse gas emissions reduction, all while providing better lighting quality and control. Similarly, the City has been getting both environmental and financial gains via its long-standing requirements for greener cleaning supplies and services. Sustainable purchasing in the broader sense of looking for savings on energy, packaging, waste materials or other sustainability issues isn't new to the City of Mississauga, but it is ad hoc, and not nearly as impactful and effective as it could be when benchmarked against similar programming in other large Canadian cities. The City's newly-recommended Sustainable Procurement Policy is about changing this dynamic and capitalizing on what are currently missed opportunities and unnecessary risk exposure.

The City has opted for a broad-based Sustainable Procurement Policy that considers a range of possible sustainability issues clustered under three key themes: "environmental", "ethical" and "social". Stakeholders signalled clearly that environment was a core building block and natural starting point given the City's existing experiences in this area. In addition, stakeholders were nearly unanimous in believing the policy needs to set minimum standards to prevent sweatshop labour and other forms of labour abuse – especially since so many other cities and organizations have such policies or a "Supplier Codes of Conduct." The Policy is opportunities-focused and its goal is to ensure that for major procurements, staff assess whether issues like excess packaging, energy consumption, factory working conditions, or local skills development might be potential risks or opportunities with respect to any given good or service or pool of suppliers. If staff felt that there was a significant risk, or a sustainability opportunity, then with the help of Materiel Management or environmental specialists, specifications (that could be either mandatory or desirable) would be embedded into bidding documents, buyer-supplier collaborations might be identified, and innovations sought, as appropriate.

### Sustainability Factors to be Considered in Procurement



**Green or Environmental Factors.** Procurement takes into account the environmental attributes of a product or service with the goal of mitigating environmental impacts such as greenhouse gas emissions, toxicity, energy consumption, waste generation, excessive resource use, etc.



**Ethical Factors.** Purchasing products and services to avoid sweatshop labour and ensure fair labour practices within production facilities; often supported by a **Supplier Code of Conduct**.



**Social Factors.** Purchasing is intentionally directed toward promoting health and safety, local economic development, minority groups, indigenous economic development, social enterprises, Fair Wage, local food, Fairtrade or other measures that improve the health and well-being of individuals and communities.

### The City's Guiding Sustainability Principles:

1. Be Accountable and Transparent
2. Consider all Costs and Impacts
3. Collaborate and Influence
4. Consider Procurement Alternatives
5. Aim for Continuous Improvement

## A Shift in Our Approach to Procurement: Considering risks and opportunities

If the City were buying coffee for its food services outlets, it might consider adding organic, Fairtrade, or locally-roasted coffees to the mix of regular coffee offerings, or potentially elect to only carry blends that had some recognized sustainability certification (e.g., Fairtrade). This interest would be expressed in bidding documents (e.g., RFPs or Tenders as appropriate). Then, when evaluating bids from potential suppliers, the City would look carefully to see how effectively suppliers were able to deliver on sustainability opportunities and, importantly, whether these came at a price that staff felt represented best overall value.

Alternatively, consider a scenario in which the City were buying promotional items that might be given as gifts or prizes to the public at a civic event. In this case, looking at the procurement through a sustainability lens and considering reputational risks might mean that the City would expect that, at a minimum, the supplier would meet basic standards for health, safety, fair labour and wages as set out in Canadian legislation, or international standards if products were coming from overseas. However, really thinking about this opportunity from a sustainability perspective might also mean thinking about the potential to find an interesting item that might be made locally, perhaps from reusable waste materials (e.g., wooden pallets, tree deadfall), or perhaps made by recent immigrants. Essentially, because staff took the step to consider which sustainability risks or opportunities might apply, and asked suppliers to respond with options and pricing, the City has procured a gift or prize that comes with a story that reinforces City's innovation brand; not without due consideration to cost, but neither is the decision simply driven by finding an adequate item at the cheapest possible price.

Sustainable procurement is not about changing the City's fundamental approach to purchasing, and it is not about buying "green" at any cost. Nor is it about infringing on policy initiatives of other levels of government. It is not about favouring big companies over smaller suppliers or limiting the pool of potential suppliers by asking for unrealistic product or service requirements. Rather, it is about adopting a sustainability mindset and culture when purchasing goods and services, which will protect the City from potential supply chain risks, including business disruption, regulatory risks, and rising prices due to resource scarcity. Our sustainable purchasing approach is about integrating reasonable and relevant sustainability considerations into existing and evolving processes, to complement and optimize what is already being done.

### *Definition: Sustainable Procurement*

Sustainable Procurement means considering social, ethical, and environmental factors in the procurement process in addition to traditional factors such as price, quality and service. It addresses both the sustainability factors for specific goods or services as well as the operational practices of suppliers along the supply chain. Sustainable Procurement considers **total costs** (e.g., purchase, operating/maintenance, disposal or recycling costs) and enables **Best Value** procurement.

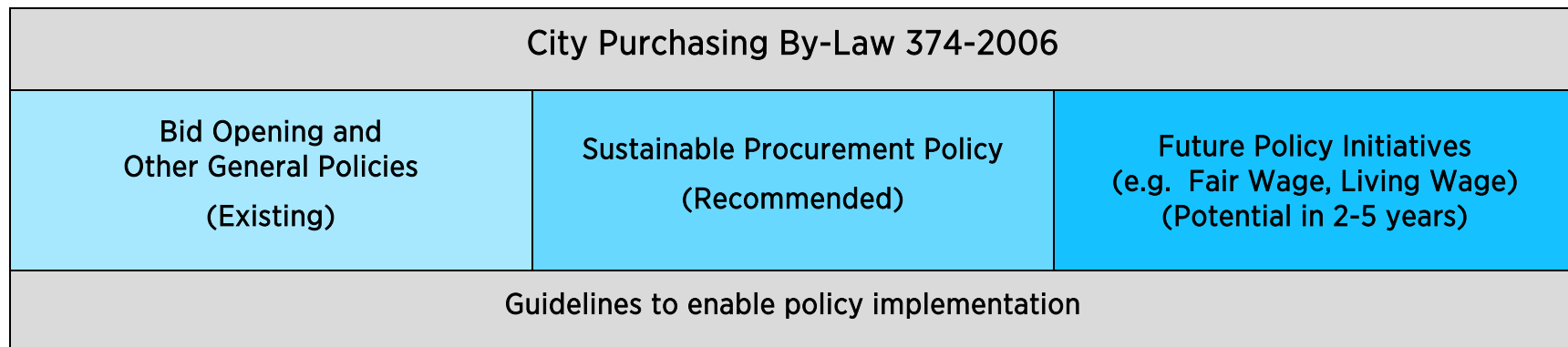
*It's about "Making Better Choices: A Sustainable Purchasing Approach"*

## The Recommended Sustainable Procurement Policy and Implementation Plan

The recommended Sustainable Procurement Policy is an opportunities-based initiative that seeks to help the City buy great products and services at fair total pricing, which are high-quality and have sustainability features and benefits that are meaningful to the City of Mississauga. This is not a compliance-based policy: impact and innovation in the marketplace won't occur because staff are required to take action by corporate policy, but rather because the policy gives license to staff and suppliers to have conversations about how sustainability could show up within contracts and projects.

The Policy builds on the core green work that has already been included in some City procurements, and then adds more focus on social considerations, while setting some minimum standards for fair labour conditions in the form of a Supplier Code of Conduct. The addition of the Supplier Code of Conduct fits alongside existing work that the City's Human Resources team is undertaking to update the Contractor Safety Management element of the Health and Safety Management System: moving forward, construction contractors will be required to obtain a Certificate of Recognition (COR) – a comprehensive health and safety certification – as a prerequisite for working with the City. The requirements of the Supplier Code of Conduct will complement and bolster COR requirements.

The Policy is not a static document: it is intended to be enduring for a minimum of five years and updated periodically. As new policy priorities arise, such as Fair Wages, additional clauses may be added to the policy or in stand-alone policies, subject to stakeholder consultation. The figure below illustrates how the recommended Sustainable Procurement Policy becomes one more enabling element for the City's Purchasing By-law. Future policy initiatives may also nest under the By-law. All policies are supported by internal guidelines that provide specific direction to staff on procedural or form-related matters.



## 1.2 INTRODUCTION

### Our Journey: How the project has progressed and our thinking has evolved

Starting out, the City had a focus on social procurement. At the same time, it was clearly recognized that the City wanted their procurement activities to create positive strategic impacts in other realms, including the ethical treatment of workers at home and abroad, and improved environmental impacts. As such, the City evolved to see “sustainability” as the umbrella term for the policy and program under which various social, environmental, and ethical concerns are emphasized to varying degrees, depending on the procurement.

Within that broad spectrum of environmental to social to ethical procurement, we heard from stakeholders that the environment was core, especially issues such as waste, energy efficiency, and greenhouse gas emission reduction; that setting some minimum standards to prevent sweatshop labour and other labour abuse was a “no brainer,” especially since so many other cities and organizations have such codes of conduct; and that social procurement work should start by focusing on skills development and employment opportunities, including purchasing from social enterprises, and then explore wage-related issues, such as fair wages, as future steps within the creation of a comprehensive program at the City.

Through the project, including the consultation phases, the City learned that best practice sustainable purchasing involves much more than policy statements: it is embedding the practice by building a culture of sustainable procurement, and that comes through lots of communication, engagement with stakeholders, training for key staff, and simple, well-designed mechanisms for monitoring and evaluating program progress and impacts. It also includes a focus on managing the risks in the supply chain, and collaborating with suppliers and peer organizations on sustainable procurement innovation and capacity-building.

Along the way, the City’s internal Sustainable Procurement Steering Committee shifted their focus to the opportunities presented by sustainable procurement rather than the potential constraints. They began to conceive of the process as flexible, with progressive implementation that avoids undue risks. The City’s sustainable purchasing approach has evolved to focus on making better choices and finding opportunities to improve our sustainability impacts, while creating benefits in the community.

It is similarly understood by a wide variety of internal and external stakeholders that the application of sustainable purchasing principles stands to confer a number of tangible and intangible benefits on the City, its residents, and its business community. The section below describes some of these benefits, presenting a business case for engaging in sustainable procurement work.



## How Sustainable Purchasing Will Benefit the City of Mississauga

There are benefits to sustainable purchasing that stretch across the most important financial, environmental, social, and governance priorities that the City has expressed in the *Strategic Plan*, the *Living Green Master Plan*, and the *Business Plan*. As discussed above, sustainable purchasing does not need to be a whole new way to purchase. The City is already undertaking efforts to optimize the way in which they procure goods and

services: implementing sustainable purchasing can piggyback on these changes and may catalyze other positive changes that increase the efficiency of the buying process and the strategic value that Materiel Management provides within the municipality – both internally and in a public-facing way.

Some of the most compelling benefits of sustainable purchasing are shown in the diagram to the left. It quickly becomes obvious that sustainable purchasing has the ability to deliver impact throughout the municipality.

Some benefits that the City that can obtain from sustainable purchasing were identified by internal and external stakeholders, including:

- Saving money
- Driving innovation
- Building the City's brand
- Helping to insulate the City against future risks
- Contributing to Strategic Plan goals
- Meeting community expectations
- Improving relationships with other orders of government

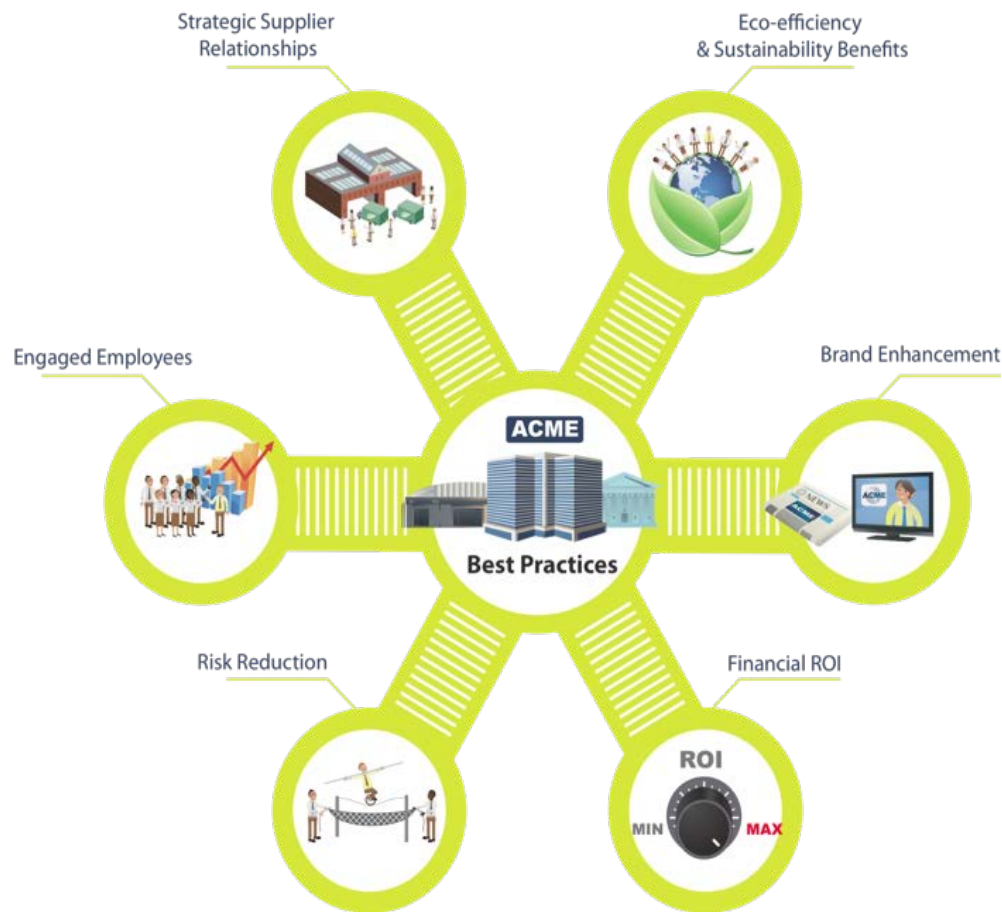


Figure 1: The Value Proposition for Sustainable Purchasing

## How this Report is Organized

The following sections lay out what was learned through the consultation process undertaken for this project, as well as an overview of the recommended Sustainable Procurement Policy and Implementation Plan.

**Section 2** showcases the results from the consultation process, which directly informed the development and direction of the Policy and Implementation Plan. **Section 2.1** describes key takeaways from consultation with representatives from municipalities that are considered leaders in sustainable procurement, as well as presenting a benchmarking chart to demonstrate the starting state of the City's sustainable procurement program, as compared to the progress made by municipal leaders in this space. **Section 2.2** presents the findings and direction provided by consultation with internal and external stakeholders.

**Section 3** provides an overview of the key components and highlights of the main pillars that will guide the City's Sustainable Procurement work in the coming three years. **Section 3.1** takes readers through a summary of the features of the Sustainable Procurement Policy. **Section 3.2** describes the sustainability principles that will guide and align staff. **Section 3.3** presents key components of the Implementation Plan, including the five recommended kick-start steps, with which the City intends to begin their Sustainable Procurement program implementation in the balance of 2017.

The Appendices to this report provide additional context and information on both this project, and the development of the City's sustainable procurement program. **Appendix A** provides a more detailed look at the methodology undertaken for this project, and catalogues the other detailed deliverables that were created at each stage of the process. **Appendix B** provides an overview of the framework for a best practice sustainable procurement program, including some examples of how peer organizations across the country have tackled this work.



## 2.1 BUILDING A BEST PRACTICE SUSTAINABLE PROCUREMENT PROGRAM

The City wished to understand the current landscape of municipal sustainable procurement. The City also wished to take lessons from other cities that have experience in such work, in order to most efficiently develop their own effective program. The following key takeaways from interviews with the Cities of Calgary, Edmonton, Toronto, and Vancouver, and Brighton and Hove City Council (UK) have informed the development of the City's Policy and Plan.

### Link to Corporate Goals

- When staff understand that sustainable purchasing is helping achieve the City's corporate goals and deliver on its brand promise, there is great uptake and success with sustainable purchasing.

### Move From Policy to Action

- Having a sustainable purchasing policy is only as effective as its implementation.
- Supporting program elements such as a strategy, procedures, and tools must be created and used, and training is critical to uptake and understanding.
- The City should budget for adequate human resources dedicated to moving sustainable purchasing work forward, particularly in its early stages.

### Be Targeted

- Trying to "do it all" in sustainable purchasing will likely lead to less optimal results. Employing a strategic and targeted approach to sustainable procurement, including proper planning, prioritization and piloting, and leveraging external resources (e.g. certifications, supplier's own programs) to lessen the City's workload, will help to achieve meaningful success.

### Collaborate and Engage

- The best outcomes arise when cities learn from and work with other similar organizations (e.g., Region of Peel, City of Toronto) and use resources from dedicated national and international forums (e.g., Municipal Collaboration for Sustainable Procurement, UN Environment, etc.).
- Developing methods to work effectively with suppliers on sustainability should be a focus for the City. The City should identify its most significant sustainability impacts (and risks) in the supply chain, match these to its corporate sustainability goals, and begin a process of supplier capacity-building and collaboration to help achieve the City's sustainability goals and reduce supply chain risks.

### *Enabling City Priorities*

Sustainable procurement (SP) can help to achieve a number of goals from the City's **Strategic Plan**, particularly those focused on environmental and social welfare, and fostering an innovative business climate, under the three pillars of Belong, Prosper and Green.

This work also specifically delivers on Actions 19 and 20 of the **Living Green Master Plan**, as well as the commitment to developing a Sustainable Procurement Policy, made in the **Business Plan**.



## Benchmarking Our Current State: Where Are We Starting From?

The table below provides a snapshot of the progress made in **sustainable procurement activities and programs** for five municipalities consulted in best practice interviews and the City (as a baseline). Interviews were conducted with key municipal representatives to produce these self-ratings. Programs were self-assessed using a “10 Best Practice Program Areas” framework established to describe successful municipal sustainable procurement programs (See **Appendix B** for complete descriptions).

Most of these program areas overlap with what the City and others are already doing in their procurement process; however, the ratings below represent the extent to which these organizations have intentionally embedded sustainability into such processes.

### 10 Best Practice Program Areas Progress Chart<sup>1</sup>

Program Areas	Strategy and Action Plan	Sustainable Purchasing Policy	Supplier Code of Conduct	Social Sustainability and Innovation	Dedicated Staffing and Resources	Procurement Tools and Procedures	Training and Communication	Supplier Engagement	Measurement and Reporting	Leadership and Collaboration
Mississauga (2016)	◐	◑	◐	○	○	◐	○	○	○	○
Brighton and Hove	●	●	●	◑	●	●	◑	◑	●	●
Calgary	◑	◑	◑	◑	●	◑	◑	◑	◑	◑
Edmonton	●	●	●	●	●	●	◑	◑	◑	●
Toronto	◑	●	◐	●	◑	◑	◑	◑	◐	◑
Vancouver	●	●	●	●	●	●	◑	◑	◑	●

○ Just beginning or future priority      ◐ Some progress made      ◑ In progress with room for improvement      ◒ In place; Fairly well developed      ● Well developed with solid experience

<sup>1</sup> A note on the 10 Best Practice Program Areas: This is the framework employed by the Municipal Collaboration for Sustainable Procurement (MCSP) – a group of approximately 20 Canadian municipalities and post-secondary institutions collaborating on sustainable purchasing activities, and sharing resources and best practices. It has been updated in 2016 with the latest best practices in sustainable purchasing. See <http://mcspgroup.com/> for more information on the program.

## 2.2 WHAT WE HEARD: BEING RESPONSIVE TO OUR STAKEHOLDERS

The City of Mississauga wanted to develop a successful and impactful sustainable purchasing (SP) policy and implementation plan. Therefore, the project team and Steering Committee sought to understand the current landscape of sustainable purchasing at the City and gain insight into internal and external stakeholder views of sustainable procurement opportunities and challenges.

The findings from these consultations informed the creation of the City's Sustainable Procurement Policy and Plan. Key insights from the consultations include:

**1** **The City is not starting from scratch on Sustainable Purchasing.** Sustainable purchasing activities are directly supported by the Purchasing Principles laid out in section 7 of the City's Purchasing Bylaw, which instruct staff to consider the Total Cost of Ownership of goods and services and seek to achieve Best Value from purchases, as well as to purchase in a manner that conserves energy and is socially-responsible. In addition, we heard about purchases the City has already made, in which environmental and social factors were taken into account to achieve successful outcomes. Thus, the City is already doing sustainable purchasing, but wants to do more of it on a more consistent basis.

**2** **There is wide support for sustainable purchasing as an activity geared toward environmental, ethical, and social concerns.** Internal and external stakeholders are strongly supportive of a broad definition of sustainable purchasing and a policy that includes environmental, ethical, and many social aspects of sustainable purchasing. The City should determine its intent regarding local sourcing, apprenticeships, youth employment, and fair wages, as these issues are important to stakeholders. There is an opportunity to intentionally source from small businesses, social enterprises, and start-up businesses.

### *Comparison: Fair Wage vs. Minimum Wage vs. Living Wage*

Stakeholders are interested in policies that ensure employees working on City contracts are fairly paid; but what does this really mean and what is the difference between different policy options?

The **Minimum Wage** is the legal minimum that all employers must pay within a particular Province or Territory.

The **Living Wage** is a wage rate that is calculated to reflect what individuals need to earn to be able to meet their basic needs, based on the cost of living in a particular location, and taking into account government transfers. It is currently the most comprehensive wage-based commitment and is recognized as an effective anti-poverty measure. The Living Wage process starts with the employer becoming a Living Wage organization – to receive this designation, the employer commits that all contracted service workers are paid a Living Wage. This approach is out of scope for Mississauga until such a time as the City adopts a Living Wage commitment. Interested individuals can learn more through [Living Wage Canada](#).

**Fair Wages** are different yet again. A Fair Wage Policy is a commitment to applying a Fair Wage Schedule which stipulates reasonable rates of pay for specific classifications of work, particularly in the trades sector or high-risk service sectors, with a goal of producing stable labour relations and a level playing field by eliminating wage discrepancy between organized and unorganized labour. The City of Toronto has had a Fair Wage Policy for more than one hundred years (since 1893), and more information about their program can be found through their [Fair Wage Office](#). Some external stakeholders expressed strong interest in this policy.

3

**Stakeholders want to see the City practise Sustainable Purchasing.**

The City should capitalize on the momentum, goodwill, and high level of internal support that exists to develop this project over the coming 6-12 months. When communicating the purpose of the new initiative internally, it is important to communicate both the rationale and *how* to make the initiative successful. Senior Buyers and the rest of the Materiel Management team are strongly supportive and already have some experience with sustainable purchasing. There is also a strong degree of support for SP amongst external stakeholders, although there is a small, but vocal group that is opposed to the SP direction, believing that procurement is not the route to achieving public objectives.

4

**Stakeholders want the City to be a Canadian leader in Sustainable Purchasing, and thus their Policy and Implementation Plan should set a leadership course, which is both aspirational and practical.**

Stakeholders want to see the City take a leadership position in sustainable purchasing, but agree that the first priority is to achieve meaningful results – meaning that the Policy and Plan must be designed with realism and practicality in mind. There must be clear goals, metrics, and targets that are understood across departments, to evaluate the success of the program. Reporting requirements must be put in place that will drive staff to practice sustainable purchasing in a consistent and meaningful manner.

5

**Effective training and change management will be imperative to successful outcomes.** There is a need to take a graduated approach to rolling out or implementing the policy and plan. The Policy and Plan need to balance prescription with flexibility. A phased approach, adequate staff training and regular supplier engagement should be key priorities. The City should draw on previous experiences at implementing change and introducing new programs.

6

**The City should bring an ethic of collaboration to the program; internally across departments and working groups, with suppliers, with other governments and public sector buyers, and with community organizations.** As the City implements SP, it will be important to engage key stakeholders and experts to further define and shape its approach; consultation and engagement are critical in the implementation phase and external stakeholders wish to be informed regarding the City’s SP goals, activities, and results. Small suppliers should not be penalized; opportunity exists to enhance their sustainability performance through capacity-building programs, without compromising the competitive process. Partnering with community and regional organizations can also help the City achieve its goals.

*What is Total Cost of Ownership?*

The Total Cost of Ownership (TCO) of a purchase is a calculation of all costs associated with the purchase – from acquisition, through use and maintenance, to disposal or diversion.

Calculating TCO ensures that an organization is aware of the full financial cost of their procurement options, and can thus make purchasing decisions based upon best overall value.

Although sustainable alternatives can have a higher up-front purchase price, they often have a lower TCO, making this calculation a key way to demonstrate the financial merit of sustainable purchasing, and ultimately save money over time.

For example, it costs more to purchase an LED lightbulb than an incandescent bulb, but when TCO is taken into account, the LED bulb is typically the more economical option, because it uses less energy and it lasts longer, saving both maintenance costs, and the cost of purchasing additional units.

## 3.1 THE RECOMMENDED SUSTAINABLE PROCUREMENT POLICY: MAKING BETTER CHOICES

The City of Mississauga Sustainable Procurement Policy is focused on sending a signal to staff, suppliers and other stakeholders that the City wants products, services and projects that will deliver key sustainability benefits, and that sustainability will increasingly be a criterion in reviewing bids from suppliers. The language in the policy is directional and encourages staff to think about their procurement needs from the perspective of how the City can get great goods and services at reasonable total costs, with a high level of functionality and durability and with a sustainability value-add that aligns with priorities in the City's strategies and plans. The City's new sustainable purchasing approach is about making better choices and seeking opportunities to improve sustainability impacts.

### Policy Statement

The City of Mississauga is committed to continuously improve the social and environmental impacts of its procurement of Goods and Services in a transparent and accountable way that balances fiscal responsibility, social equity and environmental stewardship.

### Purpose

This Sustainable Procurement Policy is intended to:

- Define Sustainable Procurement,
- Communicate the City's commitment to Sustainable Procurement,
- Identify the sustainability aspects for consideration within procurement processes,
- Empower staff to be innovative and demonstrate leadership by incorporating sustainability aspects into the procurement of Goods and Services,
- Identify roles and responsibilities in the implementation of Sustainable Procurement, and
- Position Sustainable Procurement within the context of the City's Strategic Plan, Business Plan and Living Green Master Plan.

### Scope

Our Sustainable Procurement Policy will apply to the procurement of all Goods and Services required by the City.

*How would our policy impact a project like a Public Library Renovation?*

**Step 1: Materiel Management works with Facilities and Property Management to identify relevant sustainability risks and opportunities, such as:**

- Non-toxic vs. toxic building materials;
- Physical impacts of climate change;
- Waste diversion and reuse of old materials;
- Energy efficiency for the design, lighting, and HVAC systems;
- Opportunities for apprenticeships and training for tradespeople.

**Step 2: Address risks/opportunities in bid solicitation, such as:**

- Asking about certifications for energy efficiency or nontoxic materials, or the cost to target green building certifications (e.g. LEED for renovations);
- Asking suppliers about the possible creation of employment or training opportunities for youth-at-risk or new immigrants;
- Seek measures to address the physical impacts of climate change.

**Step 3: Incorporate these factors into the bid evaluation:**

- Did they meet mandatory requirements?
- Include a scored component for any desirable specifications or questions.

## What is the End State We Want?

There are two end states that the City is seeking: one is to really meaningfully consider sustainability factors as part of decision-making for procurement. This means that on all major procurements now, and on the majority of procurements over time, staff would assess whether issues like climate change, packaging, energy consumption, factory working-conditions, or local skills development might be potential risks or opportunities for the procurement at hand. If staff felt that there was a significant risk or an innovative sustainability opportunity, then they would develop specifications, which could be either mandatory or desirable, to embed into RFPs, tenders or other procurement documents with the help of Materiel Management or environmental specialists. The City would be signalling to the marketplace that sustainability is important and it will factor into the evaluation.

From an outcome perspective, the end state is that the City sees tangible sustainability impacts such as reductions in energy consumption, reductions in packaging, elimination of wasted resources, greater economic opportunity for youth-at-risk, people with disabilities, or suppliers who represent the diversity of the community. Driving these outcomes will come in part from developing meaningful specifications (as in the process described above), but also via engaging with suppliers so they are increasingly aware and on the lookout for sustainability impacts that the City would value. As the City develops its experience in this area, collaborations with suppliers and buyers are expected to emerge, to address key barriers in sustainable procurement and foster a low-carbon, circular, and inclusive supply chain.

Within the social procurement realm, many stakeholders agreed that the City should, at a minimum, start by focusing on skills development and employment opportunities for youth-at-risk, new immigrants, or those facing barriers to employment. One inroad into this work will be to focus in the near-term on purchasing from social enterprises. Some stakeholders recommended the City adopt a Fair Wage Policy, similar the City of Toronto's. While beyond the scope of this project, the development of a Fair Wage Policy is recommended for consideration after the City has established its sustainable purchasing foundation, in the second year of the Implementation Plan. With respect to local procurement, the City must comply with the *Discriminatory Business Practices Act* which does not allow for preference to be given on the basis of the location of persons or business. Trade agreements, such as the Canadian Free Trade Agreement (CFTA) and the Ontario-Quebec Trade and Cooperation Agreement (OQTCA) also limit the ability to give local preference in procurements.

## How Will We Benchmark to Other Cities?

The result is a Policy that clearly sets the City in the same ranks as any major City in Canada, while also providing some focus and flexibility during the early phases of implementation. It's important to remember that we are not limiting the implementation to only those environmental, ethical or social issues as listed in the Policy: they are the starting point to provide guidance to staff and suppliers about what is most important right now. Other sustainability issues may be relevant in certain procurements and the intent is to apply them when appropriate. However, for the next one to two years, the City will be plenty busy getting accustomed to focusing on these four to six areas of opportunity or risk on a regular basis.

## 3.2 SUSTAINABLE PROCUREMENT PRINCIPLES

The City's guiding sustainability principles are to:

- 1 Be Accountable and Transparent.** Be transparent in our approach to Sustainable Procurement and inform suppliers and other impacted stakeholders about our Sustainable Procurement methods and decision making.
- 2 Consider all Costs and Impacts.** Consider the total cost incurred over the Goods or Service life ("Total Cost of Ownership"), value for money achieved ("Best Value") and the lifecycle benefits and impacts on society, the environment and economy resulting from procurement activities ("Lifecycle Cost"), and seek to be proactive in preventing potential short and long-term environmental and social risks.
- 3 Collaborate and Influence.** Collaborate with peer organizations to achieve Sustainable Procurement objectives in our shared supply chains. Encourage and support suppliers to continually improve their sustainability practices and outcomes, and the sustainability impacts of their Goods and Services and supply chain, where possible and appropriate, and work with internal and external stakeholders to implement this policy and evolve it over time.
- 4 Consider Procurement Alternatives.** Seek to reduce demand through efficient use. Consider possible alternatives to buying new Goods, including reuse, sharing between divisions, refurbishing, appropriate order quantity, leasing rather than buying, and consider dividing large and multiple category contracts to provide greater access to bidding opportunities for suppliers of all sizes, while operating within the perimeters of the By-Law.
- 5 Aim for Continuous Improvement.** Work towards continually improving our Sustainable Procurement practices and outcomes, meeting or exceeding best practices in Sustainable Procurement, and review and update the Sustainable Procurement Policy a minimum of every three years.

### 3.3 WORKING IN PHASES: A 3-YEAR IMPLEMENTATION PLAN

The City aims to activate a robust sustainable purchasing program over the next three years. The Implementation Plan will ensure that they do so. The Plan lays out Sustainable Purchasing Goals, Objectives, and Actions for 2018 to 2020, as well as presenting a Monitoring and Evaluation Framework that, when implemented, will allow the City to ensure that the work stays on track.

#### LONG-TERM VISION FOR SUSTAINABLE PROCUREMENT

Social, economic and environmental sustainability is fully embedded in our procurement practices. This helps us fulfill the City’s Strategic Plan, our Living Green Master Plan and our brand promise, as well as achieve City goals and tangibly improve the social, economic, environmental and ethical performance of our procurements and the impacts of our supply chain. We have a diverse, inclusive and fairly paid local supplier base which benefits from our collaborative approach, with new sustainable practices that create value for our suppliers and their customers. Our procurement is a catalyst for social and environmental innovation leading to a low carbon, circular and inclusive economy.

#### 2020 GOALS

<p><b>G1: LEADERSHIP</b> The City has built a best practice sustainable procurement program.</p>	<p><b>G2: INTEGRATION</b> Sustainability is incorporated as a criterion into the majority of City procurements</p>	<p><b>G3: IMPACTS</b> The City achieves improved environmental performance and positive social impacts as a result of our procurement activities, particularly in the areas of waste reduction, GHG reduction and energy efficiency, ethical procurement, and training and job opportunities for youth, minorities and other designated groups.</p>
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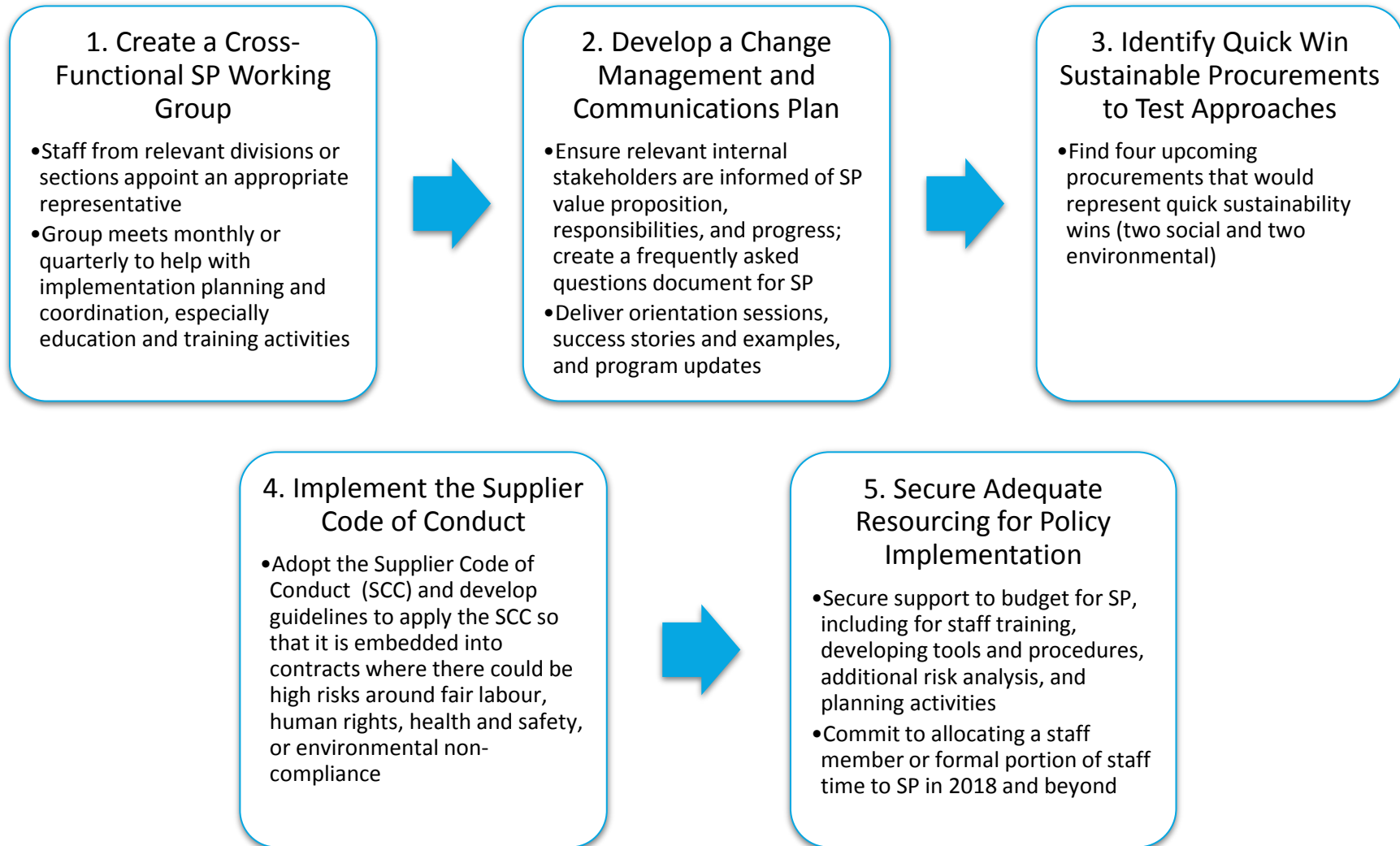
#### 2020 OBJECTIVES

<p><b>O1: Build Staff Capacity</b> Ensure staff have resources and knowledge to effectively implement sustainable purchasing</p>	<p><b>O2: Implement Tools and Procedures</b> Develop and consistently apply a set of sustainable procurement criteria and tools</p>	<p><b>O3: Seize High-Impact Procurement Opportunities</b> Identify and carry out high-impact sustainable procurement opportunities; build and leverage relationships with local organizations and other peers to improve sustainability impacts</p>	<p><b>O4: Perform Routine Sustainable Procurement and Quick Wins</b> Identify and carry out quick win sustainable procurement opportunities; integrate sustainability into routine purchasing</p>	<p><b>O5: Cultivate Stakeholder Relations</b> Ensure suppliers and other stakeholders are appropriately informed about and consulted on SP initiatives</p>	<p><b>O6: Monitor, Evaluate, and Plan</b> Implement procedures to measure, monitor, report and update progress to support continuous improvement and accountability</p>
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## Immediate Activation Steps (2017 Q4)

To set the City up for success, the following five activities are recommended for completion in Q4 of 2017.



## APPENDIX A: THE SUSTAINABLE PROCUREMENT PROJECT: OVERVIEW OF WORK TO DATE

Project Stage	Process and Purpose	Document to Reference
<i>Current State Review and Internal Stakeholder Consultation</i>	<ul style="list-style-type: none"> <li>Stakeholder Committee consultation and education to guide the process and socialize concepts (5<sup>th</sup> July 2016).</li> <li>Review of relevant City documents, including the Purchasing Bylaw and Standard Instructions, Corporate Environmental Principles Policy, the Strategic Plan, the Living Green Master Plan, and the 2016-2018 Business Plan to elucidate the supporting framework for sustainable purchasing.</li> <li>A series of telephone, and in-person one-on-one and group meetings with 44 internal stakeholders to understand perspectives on sustainable purchasing and gain advice for proceeding with the work in a manner that fit the City's unique context.</li> </ul>	<ul style="list-style-type: none"> <li><i>Report on the Current State and Internal Consultation Results</i></li> </ul>
<i>Best Practice Scan and Interviews</i>	<ul style="list-style-type: none"> <li>Interviews with key sustainable purchasing stakeholders representing four large Canadian municipalities (Cities of Calgary, Edmonton, Toronto, and Vancouver) and one municipality from the UK (Brighton and Hove) to identify best practices in policies, procedures, and implementation of municipal sustainable purchasing.</li> <li>Meeting with the Steering Committee to receive validate findings and receive feedback (26<sup>th</sup> October 2016).</li> </ul>	<ul style="list-style-type: none"> <li><i>Report: Best Practice Landscape for Municipal Sustainable Purchasing</i></li> </ul>
<i>External Stakeholder Consultation</i>	<ul style="list-style-type: none"> <li>Consultation conducted with key external stakeholders that were identified by the Mayor's Office, City Council, and members of the internal project team at the City.</li> <li>Telephone interviews conducted with 10 stakeholders in the local community (including key players representing the construction industry, union representatives, local anti-poverty and social development agencies, the Toronto and Region Conservation Authority, and the Mississauga Board of Trade) to provide detailed insight into community perspectives on sustainable purchasing.</li> <li>A broader consultation, conducted via an online survey (distributed to 140 individuals and garnering 41 responses) to allow for a broad range of stakeholders to express their views and advice for the project.</li> <li>Meeting with the Steering Committee to validate findings and receive advice (5<sup>th</sup> December 2016).</li> </ul>	<ul style="list-style-type: none"> <li><i>Report on the External Stakeholder Consultation</i></li> </ul>

<i>Risk Analysis</i>	<ul style="list-style-type: none"> <li>• A PESTLE analysis, undertaken to identify, evaluate, anticipate, and determine ways to address potential Political, Economic, Social, Technological, Legal, and Environmental risks and opportunities related to implementing sustainable purchasing at the City.</li> <li>• Consultation with key internal contacts to validate and refine the risk elements and implications for the project.</li> </ul>	<ul style="list-style-type: none"> <li>• Report: <i>Risk Analysis</i></li> </ul>
<i>Policy Document, Implementation Plan and Measurement Framework</i>	<ul style="list-style-type: none"> <li>• The creation of a policy document for the City, outlining what sustainable purchasing is and how it will be practiced.</li> <li>• The creation of a three-year Implementation Plan, stipulating Goals, Objectives, and Actions to be taken in order to effectively implement a sustainable purchasing program at the City between Q4 2017 and 2020.</li> <li>• Meeting with Steering Committee to receive feedback, edits, and questions about the content and format of the Policy and Plan (21<sup>st</sup> February 2017).</li> <li>• In-person working session with the Steering Committee to refine the Policy and Implementation Plan (21<sup>st</sup> March 2017).</li> <li>• Proposal of specific questions, fields, and procedural measures to integrate into the digital Procurement Centre so that sustainable purchasing processes can easily be tracked and results obtained for reporting purposes.</li> <li>• Proposal of specific questions to incorporate into a post-procurement tracking form, allowing the monitoring of procurement contract outcomes that relate to sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Sustainable Procurement Policy</i></li> <li>• <i>City of Mississauga Sustainable Procurement Program Implementation Plan</i></li> <li>• Monitoring and Evaluation section of the <i>City of Mississauga Sustainable Procurement Program Implementation Plan</i></li> </ul>
<i>Final Reporting and Presentations</i>	<ul style="list-style-type: none"> <li>• Drafting a Final Project Report</li> <li>• Presentation of Findings and Recommendation to City Leadership Team</li> <li>• Policy, Plan and Report Endorsement by Steering Committee</li> <li>• Presentation to General Committee</li> <li>• Approval by City Council</li> </ul>	<ul style="list-style-type: none"> <li>• The <i>Final Project Report</i></li> </ul>

## APPENDIX B: MCSP BEST PRACTICE FRAMEWORK FOR SUSTAINABLE PROCUREMENT

This framework of 10 key Sustainable Procurement Program Elements has been created based on the collective experience of a variety of municipalities and emerging best practices in sustainable procurement. It identifies the key policies and practices that make for a solid and impactful program – one that delivers tangible business results. Ultimately, a high performing program has all of these elements in place – but we recognize it takes time to reach scale in all areas.

These 10 elements are each defined and coupled with real-world examples from municipalities and post-secondary institutions.

1



### Strategy and Action Plan

Creating a long-term sustainable procurement vision to address sustainability risks and impacts of the supply chain, with a phased implementation plan, that helps achieve organizational goals to guide development and improvement of your sustainable procurement program.

#### Example

The [University of Alberta's Sustainability Plan](#) incorporates six goals and 12 specific strategies related to sustainable purchasing. Having this strategic direction guides the Sustainable Purchasing Working Group in their efforts and sends a signal to the wider campus that such activities are strategically important to U of A.

2



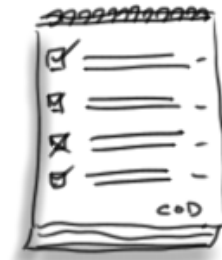
### Sustainable Purchasing Policy

Developing (and regularly updating) a sustainable purchasing policy or policy guideline that defines sustainable procurement and identifies why sustainable purchasing is important to your organization and sustainability commitments and priorities to guide your program.

#### Example

In 2016, the [City of Winnipeg](#) began work to amend their purchasing policy to include sustainable purchasing. The choice to integrate sustainability into the main purchasing policy was made with the goal of ensuring that sustainable purchasing receives appropriate attention in all purchasing activities.

3



### Supplier Code of Conduct

Developing a code of conduct for your suppliers to endorse, clearly articulating the minimum ethical, health, and safety and environmental standards you expect them to meet with regard to their operations (e.g., no sweatshops, no discrimination, meets environmental regulations, etc.), along with protocols for assessing supplier conformance.

#### Example

The [City of Calgary](#) has referenced their Supplier Code of Conduct in all RFPs since 2015, but in 2016, they also added a clause referencing the SCC to all evaluated RFQ templates. This sends a consistent signal to suppliers that Calgary takes ethical labour standards seriously. See the success story in Appendix A for more details.

4



### Social Sustainability and Marketplace Innovation

Considering opportunities to achieve social outcomes when procuring goods and services (e.g. Fairtrade, Living Wage, skills development or jobs for people with employment barriers, social enterprises, local, Aboriginal, diversity or minority sourcing, etc.), alongside strategies to leverage procurement to advance sustainability innovation (e.g., piloting clean technologies or circular economy products).

#### Example

In 2016, the **City of Victoria** assembled a Task Force to work on procurement from social enterprises. The Task Force is looking at ways to work more closely with these businesses so that City purchasing can have greater positive social impacts.

5



### Dedicated Staffing and Resources

Having a sustainable procurement cross-functional team, including at least 1 part-time staff person dedicated to sustainable procurement (in their job description) as well as adequate funding for your sustainable procurement program; this step includes embedding sustainability responsibilities in procurement job descriptions and incentives

#### Example

The **University of British Columbia** has ensured that responsibility for sustainability is included in the job descriptions of more than one person within the Supply Management department. This helps to ensure that there is continued accountability for sustainable purchasing activities.

6



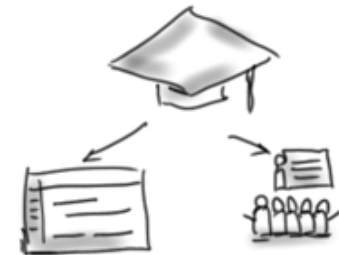
### Tools and Procedures

Developing and applying procurement tools and procedures (i.e., questionnaires for suppliers, checklists and RFP language for buyers, evaluation tools, etc.) to standardize operating procedures and support staff in delivering sustainability measures for purchases.

#### Example

The **City of Vancouver** has developed a whole suite of sustainable purchasing tools that help staff integrate sustainability from planning to evaluation and contract award. 2016 was the first full year in which staff were charged with completing the scored assessment of the supplier sustainability leadership questionnaire, and the City continues work to refine the process and improve outcomes.

7



### Training and Communication

Developing and delivering impactful sustainable procurement training (including the definition, business case and benefits, best practices and how-to information) to municipal procurement staff, key client departments, and other administrative staff in order to empower them and advance commitments to sustainable procurement.

#### Example

In early 2016, the **District of Saanich** rolled out their updated purchasing policy and guidelines, which were amended to feature sustainability, through presentations to all departments, in which a discussion on whole life costing featured prominently.



8

### Supplier Engagement

Improving the sustainability impacts of the supply chain through active measures to work alongside suppliers on sustainability training, capacity-building and collaboration, creating strategic partnerships, stimulating innovation and improving sustainability practices of suppliers; typically includes processes to engage suppliers on strategies to measure and report their sustainability progress.

#### Example

The Supply Management team at **British Columbia Institute of Technology (BCIT)** holds monthly meetings with 20 to 25 of their major suppliers in which they frequently discuss ways to improve sustainability impacts, often including such topics waste reduction measures.

9



### Measurement and Reporting

Evaluating the success of your sustainable procurement program by ensuring sustainability commitments are met through contract monitoring and verification, developing key performance indicators, assigning measurable implementation targets, and evaluating success through a reporting framework that promotes transparency.

#### Example

The **City of Edmonton** included sustainable purchasing in their reporting to City Council in 2016. They continue work to develop appropriate KPIs and are collecting data in order to systematize their reporting on sustainable purchasing.

10



### Leadership and Collaboration

Collaborating with other municipalities and organizations in order to advance sustainable procurement by providing leadership; participating in co-operative sustainable purchasing initiatives and groups; cost-sharing research, tool development, and supplier engagement; sharing knowledge on previous experiences and best practice models.

#### Example

A variety of municipalities and universities across Canada are members of the Municipal Collaboration for Sustainable Procurement, and are active participants in sharing and co-creating tools, resources, and methods to increase the impacts of sustainable purchasing.