**Sustainable Purchasing 101**

*Getting your unit or department on board.*

Stéphanie H. Leclerc Program Manager, Sustainable Procurement

**Workshop objectives:**

✓ Getting familiar with sustainable purchasing.

✓ Understanding environmental, social and economic

issues and impacts.

✓ Exploring various approaches and tools for sustainable

purchasing.

✓ Understanding your role, my role, and future steps...

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**Workshop structure:**

***Part 1: What? Why ?***

1.1 What is sustainable purchasing, and why @ McGill ?

1.2 Intro to environmental, social, economic issues in university supply chains. 1.3 Systems thinking in 3D.

***Part 2: How?***

2.1 A shared responsibility between you and Procurement Services.

2.2 Six easy steps to follow.

2.3 Researching preferable options.

***Part 3: Practice !***

3.1 Research and analysis exercise.

**Next steps + discussion and feedback.**

***Part A: What ? Why ?***

Sustainability Reconciling objectives

*“Meeting the needs of the present without compromising the ability of future generations to meet their own needs.”*

✓ Respecting the earth’s carrying capacity.

✓ Gearing the economy towards

equity and fairness.

✓ Favouring human / social

development.

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**1.1 Sustainable purchasing in a nutshell**

Approach to purchasing goods and services which involves the questioning of:

✓ Your needs, or your client’s needs.

✓ The product or service options that are available.

✓ Your actual or potential suppliers, and their profile.

... With the objective of reducing negative environmental, social or economic impacts and increasing positive impacts.

Basically, sustainable purchasing is an approach to decision- making, and it is available to anyone, anywhere!

**Why are we tackling this at McGill ?**

*Because we promised we would!*

• It is a key principle in our Procurement Policy.

• The University has promised to keep up with best practices.

• Because the University’s authorities recognise the planet’s finite capacity to accommodate human activities.

• Because activities carried out by or on behalf of the University “are to be considered **in light of their lifecycle**, including their economic, environmental and social footprints.” (Sustainability Policy, BOG - 2010).

• McGill aims to be carbon neutral by 2040.

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**1.2 Intro to issues along University supply chains:**

*Environmental issues*

*Social issues*

*Economic / Governance issues*

**Why are we tackling this at McGill ?**

*Because it is the right thing to do!*

• Our community expects this.

• Ensures coherence between our words (policies) and actions and activities (operations).

• Public funding = Pressure to do the right thing.

• Huge purchasing power = Responsibility.

• Demonstrate what McGill stands for.

• Raise awareness / educate our community.

• Reduce costs and reputational risk.

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**Social and governance issues:**

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**As firms provide**

**Products and Services**

this may affect the

Human rights

Labour conditions

Health and security

**for Universities**

**lead to:**

**Resource Extraction**

**...of different stakeholders**

**...of different stakeholders**

**...of different stakeholders**

WORKERS

WORKERS

LOCAL COMMUNITIES

LOCAL COMMUNITIES

SOCIETY

Resources

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**to**

Cultural Heritage

SOCIETY

CONSUMERS

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**Universities;**

Governance

Socio-economic circumstances

**Environmental issues and impacts:**

ACTORS ALONG VALUE CHAIN

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**Lifecycles of**

**Products**

**and**

**Services**

**Emissions to AIR WATER SOIL**

**+ Changes in LAND USE**

**+**

Human health

Quality of Ecosystems

Quality of Ecosystems

Quality of Ecosystems

Climate change

Climate change

Climate change

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**This video sums it up nicely:**

The Story of Stuff:

http://www.youtube.com/watch?v=9GorqroigqM

**1.3 Sustainable purchasing is about thinking in 3D:**

**Space**

$

**Time**

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**Matrix of Sustainable Purchasing issues:**

SOCIAL IMPACTS

ECONOMIC IMPACTS

ENVIRONMENTAL IMPACTS

**What are the supplier’s (and supply chain’s) impacts ?How does our behaviour and**

**What are the our use of the product generate**

**product’s impacts ? impacts ?**

Buyer or User

Supplier and supply chain

Product or Service

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**Break !**

**Intro to Part B: How ?**

*Sustainable purchasing is an on-going process.*

*It is a shared responsibility between you, your team, and Procurement Services.*

*It is a collective journey...*

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**2.1 A shared responsibility!**

Procurement Services does a few things to help you buy more sustainable products from responsible suppliers or service providers:

1. Supplier Code of Conduct

2. Minimum Standard Requirements for certain products

3. Contract clauses which oblige suppliers to offer more

sustainable options

4. Group purchases with other institutions

5. Procedures for purchasing and managing U/EoL items

6. Procurement directives to restrict business where necessary

7. PS Contracts services for sustainable downstream processing

**2.2 Six (intuitive) steps to follow: Your part!**

1. Figure out what you buy

2. Identify your possible contribution

3. Identify the main impacts of your purchases

4. Figure out your realm of influence

5. Research preferable options

6. Take notes, share best practices and feedback

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**Step 1: Figure out what you purchase**

➢ Office supplies ?

➢ Food, coffee, catering services ?

➢ Car rentals and travel arrangements ?

➢ Corporate gifts ?

➢ IT Equipment ?

➢ Chemicals ?

➢ Services ?

➢ Laboratory equipment ?

➢ Vehicles ?

**Step 1: Figure out what you purchase...**

Remember ! For purchases...

***< $25 000: 3 quotes (best practice)***

***≥ $25 000: 3 quotes (mandated by law)***

***≥ $100 000: public bid via Procurement Services (mandated by law)***

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**Step 2: Identify your possible contribution**

*Responsibilities for different kinds of purchases:*

Products / Services **Procurement Services Local Buyer**

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Vehicles Develops and communicates

MSR and Purchasing Procedure

Respect MSR and Purchasing procedure

Lab supplies Contracted suppliers must

identify greener options

Conduct need assessment and purchase most sustainable option with contracted supplier

Food / Catering Selects sustainable caterers

(forthcoming)

Work with contracted caterers, align purchases with “Fair Trade” campus, etc.

Office supplies Contracted suppliers must

identify greener options + Recycled paper on contract

Conduct need assessment and purchase most sustainable option

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Corporate gifts Supports more sustainable

options offered at Bookstore

Collaborate with the Bookstore, first, or work with other University depts

**Step 2: Identify your possible contribution**

*Responsibilities for different kinds of purchases (continued):*

Products / Services **Procurement Services Local Buyer**

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IT Equipment Develops and communicates

MSR and Purchasing Procedure

Respect MSR and Purchasing procedure

Laboratoryequipment Contractedsuppliers on MMP

must identify greener options

Conduct needs assessment and purchase most sustainable options

Cleaning products Custodial staff use only Ecologo

certified products

Buy Ecologo certified products, if any

Car rentals and travel Sustainability embedded in travel / car rental contracts

Use McGill Travel Services

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➢ Use lifecycle thinking

➢ Think of people along

the supply chain

➢ Look into economic

aspects

**Note:** All products and services generate different impacts!

No one-size fits all!

**Step 4: Figure out your realm of influence**

*This is typical for our University context. We are often buying on behalf of someone else! So, we need to ask ourselves...*

*Do/can I have influence on:*

✓ *What is being bought, and in what quantity ?*

✓ *The brand that is chosen ?*

✓ *Who we buy it from?*

✓ *The format / packaging it comes in?*

✓ *The method of delivery ?*

✓ *The reporting that is provided by the supplier?*

**Step 3: Figure out the main impacts of your purchases**

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**Step 5: Research preferable options**

How does the 4-R hierarchy (Rethink, Reduce, Reuse, Recycle) apply to this purchase ?

Do any credible certifications apply to this product ?

What is the reputation of this supplier ?

What is the Total Cost of Ownership of this option, vs. other options?

**This step represents the most work.**

**More on this in after the next slide!**

**Step 6: Take notes, share best practices + feedback**

Did you find new, and more sustainable product options, or better suppliers ?

Did one supplier really let you down ?

Is there a new certification out there, which you think is really important to know about ?

• *We want to hear about your experience, and your lessons learned when purchasing !*

• *Your feedback can help us make better decisions!*

• *Sustainable purchasing is also about continuous improvement!*

feedback.purchasing@mcgill.ca

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**2.3 Researching preferable options:**

2.3.1. Total cost of ownership

2.3.2. Standards, certifications, and labels

2.3.3. Reporting schemes

**2.3.1. Simple take on total cost of ownership:**

**Objective: Compare the total cost of two similar options.**

**Method: Consider all related cost from delivery to disposal.**

Cost categories PRODUCT A PRODUCT B

Acquisition

Extended warranty

Installation

Energy consumption (direct / indirect)

Management of packaging waste

End-of-life management

Maintenance costs

Training

Consumables

Additional equipment / products required

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**2.3.2. Standards, certifications and labels**

➢ Because of complexity of supply chains and products and mental and

physical distance with suppliers...

**Standards**: Set the requirements and conditions to follow.

**Certifications**: Provide a third party assurance of

conformity against the standard.

**Labels**: Marks or seals on packaging which indicate

compliance with the standard.

These can:

✓ Help build trust

✓ Allow us to distinguish between similar products and processes

✓ Encourage the market to shift towards preferable products

**Standards, Certifications and Labels can apply...**

***to firms and other organizations***

• to qualify their management practices

• to qualify the way they treat their employees

• demonstrate their adhesion to industry initiatives

Common industry certifications you may come across:

**ISO 14001:** Certification of Environmental Management System **ISO 9001:** Certification of Quality Management System

**OHSAS 18001:** Occupational Health and Safety Management **HACCP / ISO 22000:** Hazard Analysis and Critical Control Points

**SA 8000:** Social Certification Standard (respect of ILO conventions)

*Be careful, some ISO standards are guidelines (non-certifiable) !*

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**Standards, Certifications and Labels can apply...**

***to products!***

• to specify their content (what they contain, or not)

• to describe their energy efficiency

• to identify how they were made / produced

• to provide info about working conditions of people who were involved in their production

*Firms often seek to meet standards, certifications and obtain labels for their products on a voluntary basis, to get a competitive edge.*

*When the overall benefit, or value, for society outweighs the cost of labeling, labeling may be made mandatory!*

• *Cigarettes*

• *Alcohol*

• *Food nutritional info*

• *Energuide info for appliances etc.*

**ISO recognizes 3 generic types of labels.**

**You need to understand the difference !**

***TYPE I (Third party awarded label or certification)***

*A voluntary, multiple-criteria based, third party program that awards a license that authorizes the use of environmental labels on products indicating overall environmental preferability of a product within a particular product category based on life cycle considerations.*

***Note:*** *Some Type I labels and certification focus on one specific characteristic.*

***Examples:***

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**ISO recognizes 3 generic types of labels...**

***TYPE II (Self declaration)***

*Informative environmental self-declaration claims*

***Examples:***

**ISO recognizes 3 generic types of labels...**

***TYPE III (Third party verified Environmental Declaration)***

*Voluntary programs that provide quantified environmental data of a product, based on life cycle assessment, and verified by a qualified third party.*

***Example:*** http://gryphon.environdec.com/data/files/6/1 0847/epd656en%20Barilla%20Farfalle%20201 5%20Limited%20Edition%20%20Rev1.pdf

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**2.3.3 Reporting schemes**

➢ Mandatory Reporting

Some firms need to report their pollution emissions to the Federal and/or Provincial governments.

They may have to do so, because of the type of emissions they release, because of the size of their operations, etc.

Reports are made public on governmental websites.

• National Pollutant Release Inventory (NPRI)

• Air Pollution Emissions Summaries

*Public disclosure of main pollution sources generates incentive for firms to “clean up their act”.*

**2.3.3 Reporting schemes**

➢ Voluntary Reporting

Sustainability Reports and Corporate Social Responsibility (CSR) Reports provide useful information about firms’ sustainability efforts.

The Global Reporting Initiative (GRI) Standard has become the most widespread and internationally recognised methodology.

GRI is a non-profit organisation receiving funding from NGOs, Charities, Governments’ International Development Agencies and Environmental Protection Agencies.

Have a look at the GRI database ! http://database.globalreporting.org

Compare suppliers’ reports ! What are their priorities ? How engaged are they ? Do they ignore or favour some issues ?

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**Remember:**

❖ There is no quick fix, no single solution, no easy recipe.

❖ Incorporating sustainability in purchasing activities requires:

• A different way of thinking

• Getting familiar with new tools

• The use of one’s moral and ethical judgement

❖ You can do it!

❖ We are here to help!

**3. Research and analysis exercise (30 minutes)**

**Team work !**

A. TCO exercise A few calculations

B. Initiation to Supplier Code of Conduct

How does it relate to your work ?

C. 3 Labels What do they mean ?

D. Identify social and environmental criteria for catering.

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FINAL TAKE AWAYS...

**Thank you!**

**Stay in touch!**

Stéphanie H. Leclerc Program Manager, Sustainable Procurement

stephanie.leclerc@mcgill.ca

❖ Your purchasing decisions make a difference here and now

as well as elsewhere and in the future.

❖ Applying triple bottom line and lifecycle thinking to our

daily activities is possible (and necessary!).

❖ You can use different tools to explore suppliers and products’

sustainability profile and adjust your purchasing accordingly.

➢ Economic aspects may be straightforward, but evaluating

environmental and social aspects requires more work.

➢ Engage your colleagues and consider different options.

➢ Explore Standards, Labels and Certifications (when

possible) and read your suppliers’ CSR and Sustainability Reports.

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