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<b>Policy Title:</b>	<b>Sustainable Environmental and Ethical Procurement Policy (SEPP)</b>
<b>Policy Number:</b>	<b>Assigned number by Policy Coordinator</b>
<b>Report Number:</b>	<b>FCS2007-02</b>
<b>Approved by:</b>	<b>Council</b>
<b>Effective Date:</b>	<b>Date Council Adopted/Approved the Policy or Amendments</b>
<b>Business Unit:</b>	<b>Finance &amp; Supply</b>

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## **BACKGROUND**

Council has directed that a policy on sustainable environmental and ethical procurement be developed. This policy builds on the work that has been done on The City's Green Procurement Policy.

This policy aligns with other key City policies and initiatives, in particular the Triple Bottom Line Policy, The City of Calgary Environmental Policy and many of the targets developed through imagineCALGARY. The policy positions The City of Calgary to be a leader and an example for other governments or agencies to follow, specifically relating to targets around sustainable procurement, sustainable technologies and products. The City is committed to meeting the same standards expected of suppliers.

## **PURPOSE**

The City of Calgary recognizes that the purchase decisions of our employees can make a difference in the pursuit of improving environmental, ethical and economic performance.

The purpose of this policy is to:

- Develop a supplier community that exhibits leadership in corporate social responsibility through their efforts to continuously improve best practices that protect the welfare of workers and the environment while maintaining a competitive position in the market;
- Embed ethical, environmental and economic performance criteria into all City supply chain procedures, processes and activities;
- Support the purchase of goods and services that will enhance and protect the environment, protect the welfare of workers and represent best value for the corporation; and



- Advance a corporate culture at The City that recognizes and places a priority on sustainability.

The policy provides a framework for decision-making on procurement that reflects The City's commitment to sustainability. It establishes guidelines for suppliers to meet the principles and elements of the policy.

### **SCOPE**

This policy applies to procurement activities of The City of Calgary and its business units. Procurement activities include the purchase of goods or services or a combination thereof. Full implementation of the policy will be phased in over time.

### **DEFINITIONS**

- a) "Agreement On Internal Trade" is an agreement between the federal, provincial, and territorial governments to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investment within Canada and to establish an open, efficient, and stable domestic market.
- b) "basic human rights" are those rights set out in the Universal Declaration of Human Rights.
- c) "Best Value" means the best value for a good or service procured by The City of Calgary, based on a Total Cost Management analysis.
- d) "Ecolabel" means a label given to a product that certifies that it has been produced in accordance with certain environmental standards. To be recognised, an eco-labelling scheme must consist of three components, namely (1) the certification standard, (2) an independent accreditation body and (3) independent certification bodies.
- e) "Environmentally Preferred" means products or services that have a lesser impact on human health and the environment when compared with competing products or services. This comparison may consider raw materials acquisition, production, recycled content, manufacturing, waste management, packaging, distribution, re-use, operation, maintenance or disposal. An environmentally preferred product or service will meet the criteria of a recognized third party ecolabelling program, where such a specification exists for that product category.



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- f) “Ethically Preferred” means products or services that are produced or delivered under conditions that meet or exceed the standards for employment conditions and human rights for manufacturers and suppliers established by national or provincial governments, or the International Labour Organization, or both that are certified by a recognized third party certification body as meeting recognized ethical practices.
  - g) “Factories” or “Production Facilities” mean locations of production of products or services for The City of Calgary, including the facilities of both suppliers and subcontractors.
  - h) “International Labour Organization” (ILO) is the United Nations (UN) specialized agency which seeks the promotion of social justice and internationally recognized human and labour rights. The ILO formulates international labour standards in the form of conventions and recommendations setting minimum standards of basic labour rights.
  - i) “Lifecycle Cost Analysis” means analysing the cost of a good or service over the full lifetime of the product and not just the initial purchase price. Lifecycle cost analysis takes into account durability, performance and cost savings that may be achieved over the lifetime of the product through environmental efficiencies (e.g. energy saving or water saving devices), and disposal costs or potential revenues.
  - j) "Practical" means the product or service is of comparable quality, can perform the intended function at least as well as a conventional product or service, and is available at a price that reasonably approximates the cost of a conventional product or service within a reasonable time frame.
  - k) “Quality” means performance, reliability, durability, and suitability for the intended purpose.
  - l) "Recycled Products" means products manufactured with material that has been recovered or diverted from the waste stream. Recycled materials may include post-consumer recycled content, or post-industrial recycled content, e.g. industrial scrap or manufacturing waste.
  - m) “Sub-contractors” means companies that provide goods or services for suppliers for inclusion in the goods or services ultimately purchased by The City. They do not have a direct business relationship with The City of Calgary.
  - n) “Supplier Code of Conduct” (SCC) sets the minimum performance standards for The City of Calgary’s Sustainable Environmental and Ethical Procurement Policy.



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- o) “Suppliers” means companies that have a direct business relationship to The City of Calgary. These companies may have factories or production facilities of their own or they sub-contract parts of their entire production.
  - p) “Sustainability” means being able to meet the needs of the present generation without compromising the ability of future generations to meet their own needs.
  - q) “Sustainable Products and Services” are products that are environmentally preferred or ethically preferred or both.
  - r) “Third Party Certification Body” refers to an independent certification organization that sets standards and provides auditing and verification services to confirm that companies bearing certification have met defined ethical and / or environmental standards. Examples of third party certification bodies include Social Accountability International, the Fair Trade Labelling Organization, Transfair and Terra Choice (certifier for EcoLogo products).
  - s) “Total Cost Management” means taking into account all the cost implications of a purchase which is not limited to the purchase price but also includes environmental costs which may be borne by The City, its employees or external third parties, the cost of recycling and disposing of waste materials and packaging, lifecycle costs, and health, safety and social costs which may be borne by The City, its employees, or by external third parties.

## **POLICIES**

1. The City of Calgary will purchase goods and services that meet the highest possible environmental and ethical standards where Practical.
2. Suppliers to The City of Calgary and their sub-contractors will comply with the Supplier Code of Conduct.
3. The City of Calgary will strive to advance the following principles through its procurement decision-making:

### **Legal compliance**

Suppliers are compliant with local and national laws and other international commitments of the country of manufacture of products and provision of services, including but not limited to employment standards, human rights, worker health and safety and the environment. The City will comply with the



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Agreement on Internal Trade and any other applicable trade agreements or laws.

### **Promote the Use of Sustainable Products and Services**

The City of Calgary will promote the use of Sustainable Products And Services by examining the environmental, ethical and financial impacts of products and services procured. The City will look at the following Sustainability criteria for products and services, which may relate to production, manufacturing and operational processes, distribution, use of the product or service, and replacement or disposal of products or materials:

- acquisition of raw materials
- consumption of resources (e.g. water, energy, raw materials)
- product formulation (e.g. biodegradable, non-toxic, non-carcinogenic, recycled content)
- ability for products and packaging to be recycled or re-used or both.
- waste management
- use of organic agricultural practices
- workers are adequately compensated for their labour
- workers are guaranteed safe and humane working conditions
- workers' basic human rights are respected
- health and safety of the end users of products and services
- financial costs of the purchase based on a Total Cost Management analysis.

This list is illustrative and not exhaustive. The City may look at other criteria it considers relevant to the sustainability of a product or service.

### **Work Cooperatively**

The City of Calgary will work cooperatively with suppliers and other key stakeholders to advance corporate social responsibility in the business community by promoting the policy and encouraging suppliers and sub-contractors to work towards the sustainability objectives of the policy.

### **Accountability**

Verification of supplier compliance with these principles will be achieved by reliance on a combination of external independent certifications, supplier



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disclosures and certifications, and disclosure of information about factory and production facilities.

### **Transparency**

The City will ensure that monitoring and reporting on the implementation of this policy is carried out. Suppliers will be provided with timely access to information about the sustainable procurement process and the expectations of suppliers.

### **Recognizing Excellence**

Suppliers who surpass standards for ethical or environmental performance for their products or services or both will be recognized through consideration given in the evaluation process.

### **Total Cost Management**

The City of Calgary will review products and services on the basis of “Total Cost Management.”

### **Continual Improvement**

The City of Calgary will be a leader in Sustainable Environmental and Ethical Procurement, and will strive for continual improvement through regular review of the policy, its scope and implementation process.

## **PROCEDURE**

### **1. Responsibilities of Finance & Supply**

Finance & Supply in conjunction with the Environmental Management and Community & Neighbourhood Services business units shall be responsible for the implementation of this policy and promotion of the policy as a key element of the City’s Triple Bottom Line Policy.

Finance & Supply will:

- a) ensure standard tender clauses in all Finance & Supply documents are revised to reflect the principles, goals and objectives of The City of Calgary’s Sustainable Environmental and Ethical Procurement Policy;



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- b) develop, in conjunction with the business unit client, evaluation matrices for products and services that incorporate Sustainability criteria with appropriate weighting;
  - c) inform suppliers and City business units of their responsibilities under this policy, provide business units with tools, information and training about Sustainable, environmental and ethical products and the application of the policy, and develop a monitoring and reporting procedure for the business units;
  - d) establish a process whereby complaints of violations of the Supplier Code of Conduct related to workplaces that are involved in the manufacture of products or delivery of services purchased by The City can be made to The City, Finance & Supply business unit;
  - e) ensure that suppliers who do not fully comply with the policy are given the opportunity to improve their practices;
  - f) reserve the right to discontinue business with suppliers who are not responsive to requests to address concerns around non-compliance with the Supplier Code of Conduct.
  - g) Establish environmental performance objectives and targets for the purchase of commodities in support of the City of Calgary's ISO 14001 Environmental Management System.

## **2. Responsibilities for all City of Calgary Business Units**

Individuals with assigned purchasing or procurement responsibility shall refer to SEEPP.

Each Business unit within The City of Calgary shall:

- a) become familiar with the policy and apply the principles in procurement activities;
- b) purchase Ethically and Environmentally Preferred products wherever Practical;
- c) ensure that sustainable, environmental and ethical criteria are incorporated into contracts and the evaluation matrix for purchasing contracts issued by Finance & Supply on behalf of the business unit;



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- d) meet periodically with Finance & Supply to report on the progress of policy implementation, including:
1. the results of product evaluations and product trials
  2. the status of efforts to maximize sustainable purchasing, and
  3. total purchases of sustainable products and services.

### **3. Exemption**

Nothing in this policy will be construed as requiring the purchase of goods and services that do not perform up to the operating specifications of the issuing business unit, or are not available at a commercially competitive cost.

### **AMENDMENTS**

- Revision history indicated by date