Sustainability Purchasing Network

Guide to the Business Case & Benefits of Sustainability Purchasing

November 2006

The Sustainability Purchasing Network supports organizations in their efforts to develop and improve their sustainability purchasing practices and to ultimately influence positive environmental, social, ethical and economic impacts for British Columbia and beyond.

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Sustainability Purchasing Network

Sustainability Purchasing Benefits at a Glance

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The following is an overview of the financial, management, environmental & socio-economic benefits of sustainability purchasing taken from the SPN's ***Guide to the Business Case and Benefits of Sustainability Purchasing*** (November 2006).

Financial Benefits

Reduces Costs
- Reduces material & utility costs
- Reduces waste disposal costs
- Reduces health & safety costs
- Reduces operating, maintenance & replacement costs
- Increases operational & economic efficiencies
- Reduces legal & insurance costs

Enhances Image & Brand
- Attracts customers & helps meet expectations for sustainable products
- Enhances license to operate with communities & governments

Eases Regulatory Burden
- Simplifies compliance with environmental, health & safety regulations
- Demonstrates due diligence
- Forestalls government regulation & oversight
- Eases environment, health & safety reporting requirements

Improves Access to Capital

Management Benefits

Demonstrates Alignment with Organizational Goals & Values

Reduces Business Risks

Improves Supply Chain Management & Product Innovation
- Helps suppliers better understand purchaser needs
- Promotes product innovation
- Enhances business opportunities

Manages Human Resources More Effectively
- Helps attract & retain talent
- Improves employee productivity

Environmental Benefits

Reduces & Prevents Waste

Reduces Resource Use

Reduces Pollution & Toxins

Reduces Greenhouse Gas Emissions

Maintains Biodiversity

Socio-Economic Benefits

Improves Wage Levels & Working Conditions & Advances Human Rights

Improves Employee Health and Safety

Develops Markets for Sustainable Products
- Stimulates demand for sustainable products & growth of sustainability sector
- Stimulates sustainable product development
- Enhances access to sustainable products by lowering costs

Promotes a Strong Local Economy & Reduces Local Taxes

Supports vulnerable groups, provides community services & reduces public expenditures

Promotes Economic Opportunity & Benefit-Sharing with Indigenous People

Improves Conditions in the Developing World

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Making the Most of This Guide

Putting the Business Case to Work in Your Organization

- Purpose
- How to Use This Guide
- Methodology

Purpose

This Guide was produced to help organizations understand the triple bottom line benefits (financial, social and environmental) and costs of sustainability purchasing. As with any new business decision, cost-benefit information can help support decision-making at the board, executive, departmental and end-user levels. This Guide outlines the business case benefits and costs for sustainability purchasing and identifies important process considerations that impact the business case, such as the cost of designing and managing a sustainability purchasing program and the benefits of using "total cost of ownership" or life cycle assessment processes in purchasing.

How to Use This Guide

This Guide is intended to assist organizations and staff along the entire continuum of sustainability purchasing – from organizations who are just starting out in the process, to those with comprehensive policies and programs in place, and those in-between. If you and your organization are just considering or starting your sustainability purchasing program, the Guide to the Business Case and Benefits of Sustainability Purchasing "At A Glance" overview at the front of this Guide will help familiarize you with the range of sustainability purchasing benefits.

These benefits are dealt with comprehensively in Section 2, including an overview of the positive impacts of sustainability purchasing and case studies to demonstrate the opportunities to help you build the case internally for your organization. The examples are included to help you make a general case, referenced to real solutions tried and tested by other organizations. They are primarily illustrative, however. Organizations should undertake their own analyses before making a sustainability purchasing decision.

If you are an experienced sustainability purchasing practitioner, and are seeking specific information to build the case for a particular purchase or to expand your program, then the Guide can provide you with specific information and examples relevant to the kinds of purchases you are considering. In general we encourage you to:

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- Use the Business Case "At A Glance" page as a stand-alone document when a high-level discussion is required;
- Check out the "Consider This" pointers within each benefit area which provide facts, case studies and strategies that illustrate the benefits of sustainability purchasing;
- Share the Guide or key sections from it with executives or others within your organization to help them identify the advantages of adopting a sustainability purchasing program; and,
- Anticipate some of the costs of sustainability purchasing programs and how to manage them by reviewing the analysis in Section 3.

This Guide is organized into three sections, as shown in the table below:

Section One	Introduces the business case for sustainability purchasing
Section Two	Outlines the financial, management, environmental and socio-economic benefits of sustainability purchasing
Section Three	Outlines the costs and barriers to sustainability purchasing, tools to overcome them and key success strategies

Table 1: Organization of the Guide

Throughout the Guide, the term "organization" is used to refer to all types of organizations (e.g. for-profit businesses, government agencies and non-profits). The term "business" is used to refer to anything specific to for-profit enterprises. The term "purchaser" refers to anyone involved in procurement, including those developing purchasing policies and strategies, and "supplier" refers to businesses that meet procurement needs. The term "customer" refers to those that purchase goods from businesses at the retail level.

Methodology

The following steps were taken to develop the Guide:

- International literature review of sustainability purchasing business case tools and guides
- Case study interviews with Canadian sustainability purchasing practitioners and suppliers, and,
- Feedback from eleven sustainability purchasing practitioners and experts.

The literature review did not reveal any single approach to the business case and benefits for sustainability purchasing. While considerable data and analysis are available on the business case for sustainable development and corporate social responsibility (CSR), very little of this information is specific to sustainability purchasing. Moreover, most of the information available on the business case for, and benefits of,

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sustainability purchasing is focused on “green purchasing” and does not adequately address the social and ethical aspects.

This Guide synthesizes the current tools and guidance documents, supplemented by a unique set of facts and case studies from our interviews on sustainability purchasing with Canadian experts and practitioners.

Since this is not a guide to sustainability purchasing but to the business case for it, very little “how-to” information on sustainability purchasing has been included here. There are many existing resources on sustainability purchasing, a few of which are referenced on page 47.

Further, while the Guide profiles a number of financial, management, environmental and socio-economic benefits, it should be noted that the scope of an organization’s sustainability purchasing activities will determine which of the benefits are relevant. For example, an organization with a green purchasing policy that does not also include social or ethical considerations will not generate the social or ethical benefits listed here. Please see Appendix A, Sustainable Purchasing Criteria Used in the Guide, for a list of the sustainability attributes profiled in this Guide, upon which the benefits and case studies were based.

Background and Introduction

The Business Case in the Big Picture

- Meeting Your Information Needs
- Why a Guide to the Business Case and Benefits Can Help
- Relationship Between CSR and Sustainability Purchasing Benefits
- Sustainability Purchasing Defined

Meeting Your Information Needs

In early 2006 the Sustainability Purchasing Network surveyed organizations in the Lower Mainland to determine key training, information and collaboration needs to develop and implement sustainability purchasing policies. Respondents identified the development of a guide to the business case and benefits of sustainability purchasing as an important priority and indicated that the business case should focus on both financial savings and the direct social and environmental benefits of sustainability purchasing.

This Guide was developed to address this need. It will remain a living document as the field evolves, and more of the opportunities and benefits of sustainability purchasing are identified and quantified. The Network would be pleased to hear your views and comments on the Guide. Please contact the Network at: info@buysmartbc.com, 604.879.3002 or see www.buysmartbc.com for more information.

Why a Guide to the Business Case and Benefits Can Help

Businesses, governments and non-profits organizations are developing sustainability purchasing policies, programs and initiatives in order to reduce operating costs and improve environmental and social conditions. To those just starting out such a task can seem daunting, especially without a clear cost-benefit analysis to guide the decision-making process. Changes to the status quo can be challenging, as they require a new way of thinking and acting, and affect long-standing habits and procedures.

This Guide is designed to help those developing a sustainability purchasing program or who are extending social, environmental and ethical considerations to new areas of purchasing practice within their organizations. It is a resource kit to organizations at any stage, providing a range of financial and non-financial benefits and costs of sustainability purchasing that can be compiled into a business case analysis for individual organizations, with examples and case studies to help organizations tailor the business case to their unique circumstances and priorities.

Although the field of sustainability purchasing is relatively new and continues to evolve, diverse organizations are enjoying the benefits of these new purchasing practices. As

much as possible, this Guide quantifies these organizational benefits. However, the benefits of sustainability purchasing are often difficult to measure, and are hard to generalize across a range of organizations. A fact that confounds the measurement of benefits is that while many organizations engaged in sustainability purchasing are aware of the benefits, less effort is undertaken to measure the impacts. More benefits will be revealed as the field matures, measurement tools improve and organizations measure and report on the impact of their sustainability purchasing programs.

How CSR and Sustainability Purchasing Benefits are Related

Sustainability purchasing is a component of corporate social responsibility (CSR). CSR organizations committed to reducing their negative environmental and social impacts and to improving social conditions typically adopt sustainability purchasing programs to extend these values into the supply chain. Thus, it is worthwhile to consider the business case benefits of CSR in order to better understand the context of the sustainable purchasing business case.

Extensive research into hundreds of case studies on corporate social performance documented in *The Sustainability Advantage* illustrates how CSR practices – including sustainability purchasing – can have a positive impact on the business bottom line (Willard, 2005, p. 134).

Financial Benefits of CSR	% Improvement in Profitability
Reduced recruiting costs	-1%
Reduced attrition costs	-2%
Increased productivity	+10.50%
Reduced expenses in manufacturing	-5%
Reduced water, energy and consumables expenses at commercial sites	-20%
Increased revenue and market share	+5%
Reduced risk/Easier financing	-5%
Total Profit Increase	**38%**

Table 2: Financial Benefits of Corporate Social Responsibility

Sustainability Purchasing Defined

Sustainability purchasing is a management process used to acquire goods and services ("products") in a way that gives preference to suppliers that generate positive social and environmental outcomes, and that integrates sustainability considerations into product selection so that impacts on society and the environment are minimized throughout the full life cycle of the product. Sustainability purchasing entails looking at what products are made of, where they have come from, who has made them, how they will be ultimately disposed – even considering whether the purchase needs to be made at all.

Background & Introduction

Organizations practice sustainability purchasing in order to align their values with their purchasing decisions, improve product and service quality, increase resource productivity, reduce risk, enhance financial performance and competitiveness, and foster a sustainability marketplace – that is, to create incentives in the marketplace that help sustainability-oriented suppliers increase their business opportunities.

Sustainability purchasing encompasses procurement, materials management, logistics, supply chain management and strategic sourcing activities. The intent of sustainability purchasing is to shift spending away from goods and services that negatively impact the environment and society towards products that are more environmentally sound and socially and ethically beneficial.

It should be noted that both capital and operating costs are included within the scope of sustainability purchasing. Thus, sustainability purchasing principles can be applied to property development and renovations or leasehold improvements. Typically referred to as “green building”, this approach focuses on reducing or eliminating the negative impact of buildings on the environment and on building occupants. This includes green building design and construction practices, which address sustainable site planning, safeguarding water and water efficiency, energy efficiency, conservation of materials and resources, and indoor environmental quality (Atlanta USGBC, 2006). A number of the case studies within this Guide point to the benefits of green building. For more information specific to green development, contact the Canada Green Building Council (CaGBC) at www.cagbc.org or the GVRD’s BuildSmart Program at www.buildsmart.ca.

Section 2:
Benefits of Sustainability Purchasing

●●● Four Benefit Areas

- Financial Benefits
- Management Benefits
- Environmental Benefits
- Socio-Economic Benefits

●●● Four Benefit Areas

Organizations that adopt sustainability purchasing programs generate a number of benefits across four benefit areas, including financial, management, environmental and socio-economic benefits, the details of which are profiled below and quantified wherever possible.

●●● Financial Benefits

All types of organizations – businesses of any size, governments and public institutions, and non-profits – stand to benefit from sustainability purchasing. As you will see below, sustainability purchasing helps organizations manage inputs, outputs and material handling more effectively, reducing costs and increasing efficiency. The financial benefits of sustainability purchasing include reduced overhead expenses and increased revenues, equity, and (where relevant) shareholder value.

Organizations with an eye to the future must keep focused on their financial performance and the financial implications of their purchasing decisions, many of which fail to consider the financial opportunities of sustainability purchasing, profiled below. When the total cost of ownership assessed over the lifecycle of a product or service is factored into a purchasing decision (referred to as 'TCO'), the following financial benefits become even more significant (TCO as a purchasing strategy is discussed in Section 3). Additionally, organizations find that in the process of reviewing their purchasing practices, other economic efficiencies can be realized.

☞ Reduces Costs

Sustainability purchasing helps organizations reduce costs, primarily as a result of reduced material and resource use, as sustainable products and services are typically

resource efficient and require less energy, water and other resources in their production and/or their operation. By taking product life cycles into account organizations can reduce costs associated with waste disposal and create safer and healthier working conditions. Reduced health and safety, operating and legal costs can also help the financial bottom line.

Reduces material and utility costs

Sustainability purchasing choices reduce the materials that your organization consumes. They also reduce the energy, water and fuel, and even the transportation, required to manufacture and deliver products. As organizations begin to purchase more resource efficient products, services, buildings and vehicles, they can significantly reduce utility bills, fuel costs and the costs of materials and waste disposal.

Consider This:

- When the Swedish Medical Centre in Seattle implemented their Supply Chain Management System, they focused on recyclability and reusability. Within a few years, the Centre had reduced their annual supply expenses from 23% to 17.2% of net revenues – for a $16 million USD annual saving (Lidell, 2003, p. 30).
- The University of British Columbia retrofit old lighting systems with energy efficient lighting in a number of campus buildings and installed heat recovery systems in two classrooms. These initiatives saved the university $2.2 million CDN annually in reduced energy costs (GVRD, 2004a).
- In 2000, The Hudson's Bay Company (Hbc) embarked on a national campaign to reduce energy costs in their stores. To date Hbc has saved over $12 million CDN nationally in energy costs through retrofitting stores with more energy efficient lighting, and other energy initiatives. BC stores have reduced energy use 12%, saving $294,000 CDN on energy costs. In addition, Hbc has reduced maintenance costs as a result of longer-lasting technologies (BC Hydro, 2006).
- As part of a program to reduce their use of hazardous materials, the Fairmont Hotel Vancouver replaced their pool chlorination system with a baking soda/rock salt solution. By making their choice of pool sanitation technology more sustainable, the hotel realized a financial savings of 72% on their chlorination costs, totaling $1,950 CDN annually, while also reducing worker, guest and environmental harm (GVRD, 2004b).
- Wal-Mart found that they could save $2.4 million USD a year in shipping costs by eliminating excessive packaging on Kid Connection, their private-label line of toys, not to mention 3,800 trees and one million barrels of oil. They also found $26 million USD in annual fuel cost savings for their 7,200 trucks through installing auxiliary power units that enable drivers to keep their cabs warm or cool during mandatory ten-hour road breaks, rather than idle their truck engines all night, wasting fuel (Gunther, 2006, p. 5).
- Falconbridge Limited improved the light quality and energy use of the lighting system at its Primary Aluminum smelter in New Madrid, Missouri. Falconbridge installed high-efficiency lights and fixtures and reconfigured the lighting system, so that it was need-driven. Not only did the plant's light quality improve, enhancing the workers' environment, the plant also estimates annual savings of approximately $100,000 USD

each year in energy and equipment costs (Falconbridge Sustainable Development Report 2005).

Reduces Waste Disposal Costs

By purchasing more sustainable products, an organization can significantly reduce its waste disposal costs. For example, packaging disposal becomes the purchaser's responsibility, though it can be reduced at source through sustainability purchasing programs. By working with suppliers to ensure that they understand the organization's needs and goals for waste reduction, purchasers can reduce the amount of waste packaging shipped to them, saving waste disposal costs by reducing materials sent to landfill.

Sustainable products often last longer than other products, so waste disposal costs are also reduced by the extended life of the product. For instance, an organization that installs compact fluorescent light bulbs reduces its disposal costs by reducing the number of light bulbs that it needs to dispose of in a given period of time. Sustainable products are also more resource-efficient, accomplishing the same production tasks with fewer material inputs, resulting in reduced end-of-life disposal costs.

Consider This:

- Vancouver, BC based Mountain Equipment Co-op reduced their waste disposal costs through sustainability purchasing. The cooperative works with suppliers to reduce product packaging, saving $115 CDN per tonne in landfill costs a year by diverting waste (GVRD, 2004c).

Reduces Health and Safety Costs

Organizations that choose environmentally preferable products can reduce health and safety costs, while improving worker health and safety. For example, toxin-free products reduce the need for personal protective equipment, safety training, handling and storage, spill clean-up, and incident reporting with the associated costs of worker compensation claims and the lost labour time resulting from accidents. Frequent accidents can also increase an organization's worker compensation premiums and may result in significant legal expenses.

Consider This:

- Data from the State of Washington showed that each worker's compensation incident related to cleaning products that required medical attention took the worker off the job for an average of 18 hours. Medical costs (not including the cost of lost productivity) averaged $375 USD per claim (GDOI, 2006). When lost work time is included, the cost of each claim rises to $725 USD. Six out of every 100 janitors are injured on the job using harmful chemical cleaners (CNAD, 2006).

Reduces Operating, Maintenance and Replacement Costs

Sustainability purchasing can reduce operating, maintenance and replacement costs. Energy efficient purchases, particularly, can generate significant cost-

savings. In the 1990s Fairmont Hotels and Resorts realized that increasing the energy efficiency of their hotels would be a way to both fulfill their environmental objectives and improve their business competitiveness. Through BC Hydro's Power Smart energy efficiency program, the company has saved $700,000 CDN since 1999 – enough to meet the energy needs of The Fairmont Hotel Vancouver, The Fairmont Waterfront and The Fairmont Vancouver Airport for one full year – and prevented the emission of up to 7,800 tonnes of greenhouse gases into the atmosphere. These savings were achieved by:

- implementing lighting retrofits in common areas and guest rooms
- undertaking mechanical improvements including rooftop and boiler upgrades
- installing energy management control systems, and
- installing a centrally-controlled guest room energy management system, which uses occupancy sensors and door switches to determine if a room is occupied and then adjusts lighting and heating levels accordingly.

Applying sustainability considerations to purchasing decisions can result in longer-lasting products that require less labour for upkeep. A simple decision to switch over to compact fluorescent (CF) light bulbs demonstrates this point. Since CF lights last up to 10 times longer than incandescent bulbs, maintenance costs for changing light bulbs are reduced tenfold. Amortized across a large organization, this can translate into tangible labour cost reductions, not to mention reduced replacement and disposal costs with the purchase of fewer light bulbs over time.

When organizations choose sustainable products they can also avoid costs that are hidden in the upfront costs of traditional products, but have financial implications over the long term. Handling, storage and disposal costs can be significant, and possibly avoided altogether through more sustainable product choices. A good example of avoided costs is when an organization chooses not to purchase hazardous materials. Hazardous chemicals have considerable health and safety, handling and storage, administrative and clean up and disposal costs. So when organizations buy greener products that are manufactured without the use of hazardous materials, these costs can be avoided entirely.

Consider This:

- King County Washington realized $500,000 USD in reduced product, maintenance and replacement costs in 2001 as a direct result of their sustainability purchasing program. The following year they increased their cost-savings by an additional 16% to $580,000 USD (Liddel, 2003)
- The State of Massachusetts implemented their "Sustainable Design Initiative" in 2001 to incorporate environmentally sustainable practices into building construction and renovations, increasing energy and water conservation measures, using environmentally preferable building materials, expanding recycling programs, and incorporating green landscaping techniques. The program saves the State $17 million USD annually in operating, maintenance and utility costs (Case, 2002).

Increases Operational and Economic Efficiencies

The development of a sustainable purchasing policy can identify additional operational efficiencies and cost savings through more effective purchasing practices. Strategic sourcing creates opportunities for improved supplier performance, better volume discounts, elimination of red-tape and bureaucracy, etc., resulting in operational cost-savings.

Consider This:

- The City of Vancouver was able to obtain better volume discounts with the application of their ethical purchasing policy to apparel purchases. The contract for the supply of clothing and uniforms for City departments resulted in cost reductions per unit purchased due to consolidation of requirements, standardization of clothing items and increased competition in the market place. The City expects to realize an annual savings of $14,000 CDN over 2006 costs as a result (City of Vancouver, 2006b).

Reduces Legal and Insurance Costs

Sustainability purchasing programs position organizations to reduce their legal costs. These costs are typically incurred when a business has spills of hazardous materials, health and safety claims and violations, or environmental issues that require legal counsel or result in financial penalties. The more a business reduces its liabilities through sustainability purchasing, the more it can reduce its legal costs.

Companies that reduce their organizational liabilities through sustainability purchasing and effective supply chain management will benefit from reduced insurance costs. Insurance companies are starting to integrate social and environmental factors into their premium calculations, and this trend is expected to increase in the future (Little, 2003, p. 9). Insurance premiums are affected by real liabilities where companies are sourcing from suppliers that are endangering people or the environment. Less tangible reputation risks to corporate brands are increasingly becoming important to insurers who will want to ensure those with high brand values are managing their brands appropriately. Underwriters' risk assessments will take into account how a company is reducing and mitigating its risk. They will welcome organizational measures to manage risks and reduce liabilities through sustainability purchasing, and will lower premiums accordingly.

Enhances Image and Brand

A business' image and brand is the esteem in which it is held by the public – what is commonly referred to as its reputation. This image is made up of the sum total of all of its actions and relationships – all of which can be influenced by its suppliers. The financial value contributed by an organization's image or brand can be demonstrated by Coca Cola, one of the world's best-known brands. Their brand value is estimated at $83.8 billion USD, which represents 60% of their entire market capitalization (Sampson, 2006). Businesses that select suppliers in alignment with their corporate values can further enhance their reputation. A business can earn a reputation as a "green" or

socially responsible business as a result of its sourcing policies, and the reverse is also true. A business with an active sustainability purchasing program can better back up its claims to be a socially responsible business than one without such a program.

In North America, awareness on sustainability issues is reaching a tipping point. More and more media are reporting on organizational efforts to “go green”, providing reputation benefits to organizations profiled in this way. Wal-Mart’s recent sustainability purchasing efforts are earning it considerable attention, with commitments to increase the efficiency of their vehicle fleet by 25% over the next three years, doubling it in 10 and reducing their solid waste from their US stores by 25 % in three years. They have become the biggest seller of organic milk and the biggest buyer of organic cotton in the world and are working with suppliers to find ways to reduce packaging and energy costs. Operational cost-savings and reputational benefits are two key drivers (Gunther, 2006, p. 2)

Consider This:

- According to Business in the Community (BITC), up to 80% of an organization’s share value is generated by brand reputation (BITC, 2006).
- Research by Strategic Asset Management (SAM) reported that 73% of companies listed "reputation enhancement" as a value-adding result of their CSR activities. British Telecom (BT) data from thousands of their UK customers reveals that BT’s CSR activities account for at least 25% of the business' image and reputation; if BT were to lose their positive CSR reputation, their customer satisfaction levels would drop 10% (Willard, 2005, p. 61).
- Mountain Equipment Co-op’s sustainability purchasing and green building efforts have generated considerable earned media (free advertising), resulting in significant financial benefits to the company (personal communication with MEC representative, February 16, 2006).
- A McKinsey & Co. study found that up to 8% of shoppers had stopped patronizing Wal-Mart because of their reputation (Gunther, 2006, p. 4).
- The Investa Property Group, the largest owner of commercial property in Australia, underlines the importance of choosing suppliers that contribute to their positive image and brand in their 2006 Sustainability Report: “We often cannot separate our tenants' perceptions of our service from that of the organizations we engage to provide frontline services in our buildings. It is therefore crucial for our physical and reputation risk management that we only work with like-minded organizations that uphold our standards. Rigorous tendering and vetting processes provide one of the most cost-effective means of enforcing our commitment to safety, health and environmental excellence” (Investa Sustainability Report, 2006).

Attracts Customers and Helps Meet Expectations for Sustainable Products
Sustainability purchasing can help win over new customers. A growing number of retail consumers prefer to buy from companies with a strong corporate social responsibility track record. Consumers are increasingly seeking out sustainable products, and will support the companies that provide them. Purchasers that source sustainably will be better positioned to meet this demand.

Close interaction between purchasers looking for socially responsible suppliers and the supplier community helps facilitate improved communication and ultimately the improved sustainability performance of products and services. This virtuous circle enhances product quality and increases the sustainability attributes of products, thus attracting greater numbers of sustainability-minded consumers.

Consider This:

- A 2004 Ipsos-Reid poll reported that 55% of Canadian respondents consciously bought a product or service from a business because they felt it was a good corporate citizen; 52% said they consciously refused to do business with a company that had not conducted itself in a socially responsible way (Willard, 2005, p. 249).
- Although factors like style and colour affect t-shirt sales, Mountain Equipment Co-op found that t-shirt sales increased when they switched to 100% organic cotton, indicating consumer demand for the product (GVRD, 2004c).
- Wal-Mart offered a yoga outfit made of organic cotton through their Sam's Club line in 2004. The 190,000 units sold out in ten weeks (Gunther, 2006, p. 7).

Enhances License to Operate with Communities and Governments
Sustainability purchasing is an important signal to an organization's stakeholders – employees, customers, community members, indigenous peoples, regulators, suppliers and competitors – that the organization is taking responsibility for the impact of its actions while doing business and making efforts to safeguard and promote community health and well-being. This lays the foundation for stronger stakeholder relationships and a climate for support of an organization's activities. Organizations that enjoy strong support have better prospects for public and government support for, and economic certainty on, projects. Moreover, organizations with a strong social license to operate are also more able to weather public relations storms that they may encounter.

Eases Regulatory Burden

When companies choose products and services with less hazardous materials, or work with suppliers to change a process to reduce its environmental impact, they can avoid expenses and time spent on local permitting and time spent managing compliance issues. This is especially relevant to businesses with process, manufacturing or service facilities. Companies that eliminate the use of toxics can also avoid the time-consuming process of reporting substance use to the National Pollutant Release Inventory (NPRI).

Simplifies Compliance with Environmental, Health and Safety Regulations
All toxic materials are subject to reporting, handling, labeling, storage, training, tracking and disposal legislation. Businesses that choose greener alternatives that do not require the same degree of administration and materials management can reduce administrative time and paper work considerably.

Benefits of Sustainability Purchasing

Demonstrates Due Diligence

Sustainability purchasing can improve a business' relationship with regulators because it demonstrates that the business is actively involved in managing its supply chain, proactively dealing with problems before they occur. Sustainability purchasing practices are an indication that an organization is conducting due diligence in their supplier program and that they are concerned about the impacts they are having on their employees, the community and the environment – key issues for government regulators and the general public.

Forestalls Government Regulation and Oversight

When industries work voluntarily towards greening their supply chains, they can avoid government regulation which is more costly and less flexible than self-directed programs (CEC, 2003, p.40).

Consider This:

- Between 1992 and 2002 global members of the chemical industry's "Responsible Care" program reduced their emissions by 72%, or 188,000 tonnes. A unit of chemical product is now manufactured with 78% less chemical emissions than in 1992. Although Responsible Care is a voluntary industry program, it came on the heels of the 1984 Union Carbide incident in Bhopal, India, when 20,000 people lost their lives after more than 40 tons of methyl isocyante gas were accidentally released from a pesticide factory. To avoid regulation, the industry volunteered to reduce its environmental and health and safety impacts and risks (Willard, 2005, p. 73).

Eases Environment, Health and Safety Reporting Requirements

When businesses choose environmentally preferable products, the reporting requirements for handling, storage, labeling, training and disposal are significantly reduced. There is no need for storing and updating Material Safety Data Sheets (MSDS), or for providing as much personal protective equipment (PPE), for example. When fewer hazardous products are used, accidents and spills pose less of a threat to employees and the environment, resulting in reduced reporting to worker compensation regulators and to local and provincial authorities.

Consider This:

- Six out of every 100 janitors experience lost-work-time injuries each year, including eye injuries or irritations, skin irritations or burns, and respiratory problems resulting from the inhalation of chemical fumes (Greenbiz, 2006b). These accidents necessitate regulatory reporting, with the attendant management costs, which can be reduced through greener purchasing programs.

Improves Access to Capital

Increasingly, institutional investors are looking at the social, environmental and governance performance of companies and are assessing the quality of a business' management of these non-financial factors. The degree to which companies are more actively managing their supply chain, taking advantage of

new market opportunities within sustainability, and identifying social and environmental risks in their products and services, is an indicator of pro-active risk management and opportunity identification.

Citigroup Smith Barney, a global brokerage, investment banking and asset management firm, in their July 2005 Industry Report on Socially Responsible Investment, describes a "sustainable enterprise" as a business that looks to minimize downside risk from sustainable development and that adopts new "sustainable" practices and technologies ahead of others in their various markets (CSB, 2005). Sustainability purchasing is a clear indicator of a business' management of its social and environmental performance from both a risk and an opportunity perspective. These companies are likely to benefit from easier access to investor capital than those that are not managing in these areas.

Consider This:

- In a May 2006 Mercer Investment Consulting survey of 157 investment management firms from around the world that manage assets in excess of $20 trillion USD, respondents were asked to share their views on how environmental, social and corporate governance (ESG) issues relate to investment performance. A substantially greater number of managers expect use of, and access to, clean water, climate change and *environmental management* will be having a material impact on asset performance in five years, compared with currently (emphasis added) (Mercer, 2006, p. 8).

Financial Benefits in Summary

Cost savings are the most universally applicable financial benefits of sustainability purchasing. Businesses also benefit from other, more qualitative benefits that ultimately affect the bottom line. Improved image, brand and access to capital and efficient supply chain management are among some other key benefits. With the pinch on government revenues, scarce resources for public and non-profit management, and today's competitive business market, the financial benefits from sustainability purchasing can generate a significant improvement in organizational financial performance. Businesses, particularly, stand to benefit from increased sales, revenues and the resulting shareholder value generated through the application of sustainability purchasing practices. As natural resources become scarce and more costly in the future, resource-efficient organizations will be best positioned to adapt and perform competitively.

●●● Management Benefits

Sustainability purchasing practices help improve an organization's management systems and processes. From how they implement policies to how they interact with employees, sustainability purchasing helps organizations with management improvements in the following ways.

☞ Demonstrates Alignment with Organizational Goals and Values

Sustainability purchasing is a tool to help organizations align their purchasing with their sustainability values and commitments. Through sustainability purchasing programs non-profit organizations, whether providing social or environmental programs, can ensure their purchasing is consistent with the goals they are advancing in the broader society, while local governments can use sustainability purchasing to further their commitments to sustainable community development. Increasingly, businesses are committing themselves to corporate social responsibility principles, resulting in the development of management systems that integrate their social, ethical and environmental values into operations, including purchasing. Values and goal alignment with purchasing policies and other operational procedures reduces internal tension, enhances stakeholder support, builds customer, donor and citizen loyalty and helps attract quality employees.

Consider This:

- Canadian Federal Departments are required to develop Sustainable Development Strategies, which has bolstered the development of sustainability purchasing programs throughout the Federal Government (CEC, 1999, p. 40). The Government of Canada – through the Office of Greening Government Operations – has adopted a Green Procurement Policy which requires departments and agencies to embed environmental performance considerations – alongside price, availability and fitness of purpose – into their procurement decisions. The Policy is founded on the principle of value for money over the total life cycle of the goods and services to be purchased. See: www.greeninggovernment.gc.ca
- Vancity Credit Union in Vancouver, BC, is committed to neutralize their carbon emissions by 2010. Vancity's sustainability purchasing practices help them meet this broader organizational goal because many of the operational actions needed to meet this commitment involve purchasing more sustainable products and services. For instance, in 2004 when proposals for courier services were scored on price, service and corporate social responsibility (CSR), a Vancouver-based courier service commitment to the environment and the community, were the successful bidders,. In the next eight months, the Novex contract helped Vancity reduce the impact associated with their courier use by the equivalent of 1300 pounds of $CO_{2,}$. Vancity's 2005 decision to purchase only 100% post-consumer copy paper further advances the credit union toward their carbon-neutral goal (personal communication with a Vancity representative, May 18, 2005). Vancity's sustainable purchasing policy helps Vancity align their operational decisions with their organizational sustainability commitments.
- Tides Canada Foundation, a $17M CDN foundation focused on environment, social justice, and non-profit sector innovation, based in Vancouver, BC, made a decision in 2003 to source their asset management services from socially responsible

investment firms that integrate social and environmental considerations into their investment decisions, and use shareholder engagement with portfolio companies to improve their sustainability performance. They were motivated to do so because they wanted to align their investment practices with their social justice and environment mission.

☞ Reduces Business Risks

There is growing pressure for organizations to understand and act on a widening range of risks across their business, including those in their supply chain. Corporate social responsibility generally, and sustainability purchasing specifically, provide a means for companies to better understand and manage those risks, as businesses broaden their definition of risk to encompass wider and longer term risks that incorporate social, ethical and environmental issues (Little, 2003, p. 5).

Proactive management of a business supply chain helps to prevent accidents, spills, product risks and climate change risks, while securing supplies, reducing liability and avoiding potential damage to reputation and brand. Organizations concerned about their reputation and desiring to align their purchasing with their organizational values may wish to ensure their suppliers are compliant with international norms regarding human rights, corruption and bribery, country of origin, working conditions, child, forced and sweatshop labour and the environment.

In its *Business Case for Supply Chain Management*, Business in the Community argues that organizations must manage the risks posed by their supply chains: its not just an organization's own performance that matters but that of their suppliers. Approximately 85% of sustainable development issues attracting media interest arise from supplier activity (BITC, 2006). For a discussion of how leading businesses have used sustainability purchasing to manage risk, please see Box 1 and Box 2.

Consider This:

- Volunteer Vancouver hired Leapfrog Communications to organize an event for community leaders, which included the purchase of vests for participants, bought through Fairware, an "ethical" promotional products business. When participants were asked to indicate their preferred vest size, one responded (copying the other community leaders) with an inquiry about where the product was made, citing concern that the last promotional gift they received was made in Burma, regarded as a repressive military regime employing a system of forced labour (Clean Clothes Campaign, 2006). Leapfrog Communications was able to report that they had ordered the vests from a supplier that manages their sourcing in an ethically sound manner (personal communication with Fairware representative, February 16, 2006).

CASE STUDY: Sustainability Purchasing at IKEA: From Crisis to Risk Management

IKEA is among the many companies who arrived at sustainability purchasing through a brand and image crisis. The following chronicles how a company with limited environmental awareness evolved into a leader in corporate social responsibility through sustainability purchasing:

- In the early 1980's IKEA's German customers (IKEA's largest market) started inquiring about IKEA's wood sources and the toxicity of their products.
- In 1981 the Danish government established a law regulating the maximum emissions from formaldehyde off-gassing in particleboard. Although they requested that their suppliers comply with the legislation, IKEA's audits found some of their products exceeded the limit. The government fined IKEA for non-compliance and sales in Denmark temporarily dropped 20%.
- In the late 1980's IKEA came under increased criticism for their packaging waste and use of poly vinyl chloride (PVC).
- In 1992 a globally popular product (Billy bookshelves) that represented millions of dollars in annual revenues was found to have lacquer that exceeded Germany's legislated requirements. IKEA suffered considerable negative international press as a result and halted worldwide production of the bookshelf. Direct costs to track and redesign the product were estimated at $6-7 million USD, not counting the costs of diverted labour power, lost sales and supplier production and the costs to convince customers the redesigned product was no longer toxic.

A former environment coordinator for IKEA Sweden says that the 1992 bookshelf incident made the business realize that the environment is not only a technical and a legal affair, but also an emotional media affair.

These incidents increased IKEA's awareness of the need for a systematic way of managing environmental issues in their supply chain. Since sustainability purchasing is a way to proactively manage supply chain issues, considerable costs and reputation damage could have been prevented if IKEA had a sustainability purchasing program in place before these incidents occurred (Natrass and Altomare, 1999).

Box 1: Ikea Case Study

Climate change risk is another business risk growing in importance. In the current market, companies who are not actively assessing their carbon footprint and setting targets for reductions, including carbon reductions in their supply chains, are putting themselves at risk. Climate change risks include, but are not limited to, physical risk (risks to buildings and employees), regulatory risk, litigation risk, competitiveness risk and reputation risk. As an illustration of the significance of these risks, The Carbon Disclosure Project (wwww.cdproject.net), a group of 225 institutional investors with $31 trillion USD assets under management surveyed 2,180 of the globe's largest

corporations in February 2006, with a request for details on their carbon emissions; their positioning in response to the impact of climate change on their markets and regulatory environment; use of energy; and planning for the future. Essentially, these investors are seeking assurance that companies are managing their commercial risks stemming from climate change. The survey specifically requested information on emissions generated through the supply chain.

Consider This:

- The Kyoto Protocol requires a global total 5% reduction below 1990 CO_2 concentration levels over the commitment period of 2008-2012. Canada's Kyoto target is to reduce overall national greenhouse gas emissions to 6% below 1990 CO_2 levels over this period (United Nations Framework Convention on Climate Change 2006). The burning of fossil fuels accounts for 80-85% of human-made CO_2 emissions (Willard, 2005, p. 95). Therefore, companies burning large amounts of fossil fuels have considerable climate change risk. Sustainability purchasing can help reduce these risks.
- Climate change risk management is the fastest growing category of shareholder resolution in the United States, suggesting that shareholder-investors are concerned with how companies are managing their exposure to climate change (Ambachtsheer, 2006).

Improves Supply Chain Management and Product Innovation

Proactive supply chain management can enhance supplier relationships, helping a business to secure the supplies they need, and potentially even improve their quality (see Box 2: Hbc Case Study). The better and closer the supplier relationship, the likelier it is that an organization will receive priority when supplies are short. A close relationship and an open, ongoing dialogue with suppliers also create the opportunity for product innovation, which can result in competitive leadership in the marketplace.

Benefits of Sustainability Purchasing

CASE STUDY: Hbc: From Risk to Rescue

Reputation can be a fragile thing, and it is often defined not by what your business does, but what the media say it does. Today the public, shareholders and pressure groups are asking questions about sourcing, and organizations come under fire when they don't have the programs in place to prove that their products are made in a sustainable manner.

In 2002, for example, the Hudson's Bay Co. (Hbc) was publicly accused of using sweatshops for manufacturing. To manage this sourcing risk, Hbc shareholders called upon management to adhere to the International Labour Organization (ILO) labour standards, and to report annually on compliance.

Since Hbc had not uniformly communicated details of their Vendor Code of Conduct (VCC) to their suppliers, nor did the public (or stakeholders) have any knowledge of their Social Compliance Program (SCP), it was hard to prove what standards were being upheld when their products were manufactured. Motivated by the desire to drive change both internally and externally, Hbc formalized their SCP, and now ensures that all suppliers are meeting the VCC by auditing factories to assess compliance with the Code. Today, Hbc is hailed as a leader among large Canadian retailers in the area of ethical sourcing.

Hbc is now reaping the benefits of their program, both internally, and in their relationships with external suppliers. Most importantly, their employees feel proud to be part of a business that demonstrates high values. Hbc believes they have established better business relationships with their suppliers and product quality has improved.

As with any change, Hbc experienced growing pains. Employees, buyers and suppliers faced the challenge of understanding new codes, policies and procedures. With suppliers, there was some initial resistance to the changes identified during factory audits. Since purchasing is a timeline-driven activity, the biggest obstacle was adjusting buyer and supplier timelines.

Hbc is making good use of partnerships to help facilitate resolution on their ethical sourcing issues. They helped found Canadian Retailers for Advancing Responsible Trade, a group working with the Retail Council of Canada to urge the retail trade to take on a more visible role in demonstrating the industry's leadership on responsible trading practices. Hbc also partners with other companies in Canada and the U.S. to deal with common ethical sourcing issues (personal communication with Hbc representative, April 27, 2006).

Box 2: Hbc Case Study

Helps Suppliers Better Understand Purchaser Needs

When purchasers engage in a dialogue with suppliers about their needs, both parties benefit: suppliers get feedback on the requirements of their buyers and buyers get a direct line to suppliers. In these open environments, suppliers have more information with which to tailor their product or service offering, including buyer interest in more socially and environmentally responsible products. When organizations let their suppliers know their requirements and standards, suppliers are likely to meet or exceed them for fear of losing them as clients. Suppliers

may also see the value of reengineering their products for one purchaser in order to give them a marketplace edge with others.

Consider This:

- Client-driven requirements were cited by 24.8% of Canadian medium-sized businesses and 18.2% of small businesses as drivers of their environmental efforts (Willard, 2005, p. 249).

Promotes Product Innovation

Purchasers and suppliers working together to reduce the negative environmental and social impacts of products and services are positioned to identify product, process and service innovations that can generate increased competitiveness. Active supply chain management can encourage suppliers to invest in new sustainable technologies and help develop products and processes that are less harmful to the environment and communities, as buyer demand gives them the confidence they need that there is a ready market.

Consider This:

- When Ontario's Tridel Condominiums began working on LEED (Leadership in Energy and Environmental Design) certification for some of their projects in the Toronto area, they wanted to reduce heat loss through the walls to improve the energy performance of the buildings. Working with one of their closest suppliers (BASF), they developed a new spray foam insulation product that reduced heat loss significantly (James, 2006).

Enhances Business Opportunities

Businesses that have sustainability purchasing policies and programs in place are better positioned as suppliers to other organizations seeking to source from sustainable suppliers. Companies listed in this Guide as successful bidders (e.g. Novex p. 17, Fairware, p. 18) had sustainable purchasing programs in place.

☞ Manages Human Resources More Effectively

Sustainability purchasing is a way for organizations to demonstrate commitment to their stated sustainability values and goals, showing they are walking their talk. This helps attract and retain top-tier employees seeking employment with organizations that closely align their actions with their mission, vision and values. Both staff and businesses benefit from an atmosphere that supports good employee health and productivity.

Helps Attract and Retain Talent

In a competitive labour market, strong sustainability values and commitments, as demonstrated by sustainability purchasing programs, can be a major contributing factor in attracting and retaining talented staff. As an organization's human resources are often the biggest investment and asset, this can significantly contribute to the success of any organization.

Benefits of Sustainability Purchasing

Consider This:

- In 2000, a Conference Board of Canada study found that 71% of employees want to work for companies that commit to social and community concerns (Willard, 2005, p. 139).
- A 2004 survey of Masters of Biological Sciences (MBS) students found that 97% were willing to forego 14% of their expected income to work for an organization with a better reputation for corporate social responsibility and ethics (Willard, 2005, p. 139).

Improves Employee Productivity

Employee pride can be a direct result of an organization's commitment to sustainability, including operational policies such as sustainability purchasing. Employees working for organizations in alignment with their personal values are highly motivated, more productive employees. Additionally, companies that make greener purchases for their building operations (furniture, paint, carpet, cleaners, etc.) can reduce illness and absenteeism, increase staff retention, improve job performance, increase creative thinking and reduce stress. Since staff salaries are normally the highest cost in any organization, reduced absenteeism, reduced illness and higher productivity can save organizations significant expense and improve their bottom line. Table 3 illustrates the financial benefits of improved employee productivity and health that purchasing and building with sustainable products can stimulate (Kats, 2003). This example shows that employee productivity is the single largest green building savings quantified.

Category	20 yr Net Present Approx. Value
Energy Savings	$5.80
Emissions Savings	$1.20
Water Savings	$0.50
Operations & Maintenance Savings	$8.50
Productivity and Health Value	$36.90 to $55.30
Subtotal	$52.90 to $71.30
Average Extra Cost of Building Green	(-$3.00 to -$5.00)
Total 20-year Net Benefit	$47.90 to $68.30

Table 3: Financial Benefits of Green Buildings: Summary of Findings (USD/ft^2)

Consider This:

- Poor indoor air quality reduces the health and productivity of employees, costing businesses tens of billions of dollars every year globally. Improving air quality in indoor environments can reduce employee health care costs, increase productivity by more than 16% and improve morale (Greenbiz, 2006a).

Management Benefits in Summary

Sustainability purchasing can accrue a range of management benefits for most organizations. From helping to demonstrate a commitment to the organization's mission, vision or values, to attracting staff to increasing productivity, purchasing more sustainable products can help organizations achieve many of their management goals.

Environmental Benefits

Sustainability purchasing benefits the environment in many ways. The use of resource efficient products and services puts less demand on the planet's dwindling supply of oil and gas, water, materials and other resources. Sustainable products and services produce less air and water pollution and reduce harmful emissions that contribute to global warming. Lastly, sustainability purchasing practices, applied broadly, enhance the capacity of existing municipal treatment systems such as drinking water and sewage treatment facilities, and landfill space, reducing the need for local governments to source new treatment options and the negative environmental impacts of treatment expansion.

Reduces and Prevents Waste

Resource efficient products and services do more with less. The quantity of materials and resources used in products can be significantly reduced through innovative design, the use of recycled or salvaged materials and the use of alternative fuels. When organizational inputs are reduced, there is automatically less waste output. Less waste not only translates to cost savings, but also to cleaner air and water for the community. It means less demand for municipal services (such as water treatment and garbage disposal) so that tax revenues are used more efficiently, and the capacity of existing treatment services is enhanced. This focus on efficiency of materials, resources and energy also creates an organizational culture of reduction, conservation and innovation, creating a virtuous cycle of continuous environmental benefit. Up front decisions to improve material and resource efficiency of products and services can also help prevent waste in the first instance.

Consider This:

- Xerox estimated that their remanufacturing program saved 144 million pounds of waste from entering the landfill in 2003. The practice of reusing parts reduced the quantity of raw material and energy needed to manufacture brand new parts, generating several hundred million dollars in cost savings each year. Estimated energy savings from parts reuse in 2003 totaled 13 million therms (390,000 megawatt hours) — enough energy to light more than 315,000 homes for a year (Xerox, 2004).
- The City of Santa Monica, California, eliminated 3,200 pounds of hazardous materials annually by purchasing greener cleaning products through its "Toxics Use Reduction" program (US EPA, 1998).
- When Starbucks made a switch to thinner trash bags, they not only began saving $500,000 USD annually, they also reduced the plastic they were sending to landfill by 750,000 pounds a year (Liddell, 2003, p. 30).
- Mountain Equipment Co-op minimizes the environmental impact of their printed catalogues by purchasing reduced weight and recycled content paper. For their entire 2006 Fall and Winter print run of 672,000 catalogues the use of post-consumer fibre avoids the use of 1,127 trees and prevents 54,727 pounds of solid waste from being produced (MEC, 2006a).

- Citizens Bank of Canada publishes their annual Corporate Accountability Report electronically. In doing so, they save 1,390 kgs of solid waste (GVRD, no date).
- When Raincoast Books chose to make the first printing of the Harry Potter book *Order of the Phoenix* on 100% post-consumer recycled-content paper, they saved 8,554 tonnes of solid waste (GVRD, no date).

☞ Reduces Resource Use

Sustainability purchasing reduces resource use by encouraging the use of recycled, second-hand, renewable, reusable, refillable and salvaged materials, and by being more resource efficient with natural resources and new materials. For instance, the use of recycled content in commonly used materials, e.g. paper and plastic, considerably reduces resource consumption. Other products (for instance, in the green building industry) incorporate salvaged materials. When an organization makes the most sustainable choice of all – not buying – it comes closest to achieving a goal of zero environmental footprint. Extending the useful life of products through active maintenance is a serious option for both environmental and financial reasons.

Consider This:

- When United Parcel Service (UPS) increased the post-consumer recycled content in its Plastic Paks, they reduced the consumption of virgin plastic by 347 million tonnes, or 22%. UPS also reduced the energy required to manufacture the product by 11%, and reduced solid waste generated by 134 tonnes annually (United Parcel Service and the Alliance for Environmental Innovation, 1998).
- Capers' Robson Street location in Vancouver, BC, installed low-flush toilets and faucet aerators to reduce water use. As a result, the store saves 190,000 litres of water per year (GVRD, 2004d).
- Buying post-consumer content paper results in many benefits. Research by the Alliance for Environmental Innovation has shown that each ton of recycled fiber that displaces a ton of virgin fiber used in coated groundwood paper (stock used in magazines):
    - Reduces total energy consumption by 27%
    - Reduces net greenhouse gas emissions by 47% and particulate emissions by 28%
    - Reduces wastewater by 33%, solid waste by 54%, and wood use by 100% (Environmental Paper, 2006)
- In 2000, Hbc began a national program of store lighting retrofits and other energy initiatives. In their BC stores, they have reduced energy use by 12%. As a result of their national energy conservation strategy, Hbc's greenhouse gas emissions have been cut by 50 megatonnes. That's the equivalent of removing 10,000 cars from Canada's roads each year (BC Hydro, 2006).

☞ Reduces Pollution and Toxins

Pollution can be reduced at many stages of a product's lifecycle with the implementation of a sustainability purchasing program. The manner in which products and services are extracted, manufactured and used can have significant impacts on the environment. Air,

water, and land quality and local wildlife can be affected in the extraction and manufacturing process. At the point of use, the impacts are on indoor and outdoor air quality, affecting the health of employees and community members. Since some hazardous wastes generated through production are not removed during the sewage treatment process (e.g. metals), hazardous ingredients may be flushed into waterways or may be accidentally spilled onto surrounding property.

Transportation of products can further impact air quality, add to greenhouse gas emissions and impact water quality with increased run-off from roads and highways. Buying products and services locally requires less energy to transport products, reducing both air pollution and greenhouse gas emissions (GHGs). Using green cleaners, finding green chemical alternatives, and buying low VOC furniture or carpet reduces air pollution, providing cleaner indoor air quality for an organization's employees. Reducing the toxic load on the environment in all of these ways cuts down on the overall burden of pollutants that our environment must absorb. Since pollutants accumulate in the environment, with a causal link to certain diseases and premature death in humans and other species, reducing pollution from the manufacture, use and disposal of products can positively affect species health and survival.

Consider This:

- A Santa Clara project worked with 47 maintenance contract organizations employing 6,800 janitors and custodians. Each year these workers used chemical products containing 400,000 pounds of hazardous materials. They found that by changing to safer chemicals, using fewer products, and utilizing different techniques, the amount of hazardous materials could be reduced by 131,000 pounds, or 33% per year (Greenbiz, 2006c).
- Mountain Equipment Co-op minimizes the environmental impact of their printed catalogues by purchasing chlorine-free paper printed with vegetable-based inks (MEC, 2006a).
- Timber River Eco Farms (TREF) on the Northumberland Strait grows potatoes, grain and forage crops, and keeps between 60 and 90 head of beef cattle. TREF has received certification for its "Eco-Spuds" from the World Wildlife Fund Canada as an environmentally friendly farmer. The farm prevents water and soil pollution by making sustainable purchasing choices: growing site-appropriate potato varieties, avoiding the purchase of conventional fertilizers and using mainly operational and mechanical pest control. Choosing varieties of potatoes that are most compatible with local soils and growing conditions, TREF reduces the need for nitrogen fertilizers as the varieties require approximately 50-70% less nitrogen than other commonly grown varieties. Since the excess nitrogen from conventional fertilizers builds up as residue in the soil, and contaminate nearby watercourses, TREF prevents the pollution associated with fertilizer application on conventional farms. TREF also avoids the purchase of herbicides and fungicides. They control weeds through timed planting, field cultivation practices and mechanical means, and prevent fungus by curing potatoes in the sun and storing them in a clean, dry, well-ventilated and temperature-controlled warehouse. These practices not only prevent water and soil pollution, they reflect well on the farm's bottom line. Avoided fertilizer costs save TREF about $30/acre and reduced pest control costs save an estimated $150/acre with reduced spraying, representing annual

savings of over $20,000 CDN on fertilizer and over $100,000 CDN on pest control (Environment Canada, no date).

Reduces Greenhouse Gas Emissions

A significant environmental benefit of a sustainability purchasing program is the reduction of GHGs associated with an organization's purchases that contribute to global warming. When buyers purchase more sustainable goods, those goods are often sourced close to home to reduce the amount of energy required to transport the goods.

Consider This:

- Since 2003 Vancouver-based Novex Couriers has added 17 Honda hybrid vehicles and 3 natural gas vans to their fleet. Novex states that the greener fleet saves over 1 kg of CO_2 per delivery, which represents a total savings of over 270 kg of CO_2 per day, when compared to a traditional fleet (Novex, 2006).
- Mountain Equipment Co-op reduced their greenhouse gas emissions 43% from 1991 to 2000. This reduction is mainly attributed to their commitment to "greening" their buildings by making design, materials, and construction decisions based on environmental considerations (MEC, 2006b).
- It is estimated that the average distance traveled from field to table in North America is 2,400 kilometers, with the associated GHG affects (GVRD, no date). Sourcing foods locally can significantly reduce greenhouse gas emissions.
- TransLink, the Greater Vancouver transit authority, has recently purchased 228 new, more efficient electric trolleys for their downtown Vancouver routes to replace the existing fleet of electric trolleys. These new electric trolleys, once in service, are expected to reduce the current use of electricity by 33.3% for each route. What's more, in addition to the environmental benefits already associated with public transit, the entire trolley fleet runs on electricity offset by 100% BC Hydro Green Power Certificates (GPCs). The use of GPCs alone represent 7,560 tonnes of CO2 avoided, equivalent to removing 2100 cars off the road per year. This case study exemplifies that sustainable purchasing can have a multiplying effect on environmental benefits (information provided by TransLink representative November 2006).

Maintains Biodiversity

Sustainability purchasing programs can also support biodiversity. Stewardship programs such as the Forest Stewardship Council (FSC), Marine Stewardship Council (MSC), Ancient-Forest Friendly, and other certification programs work to ensure suppliers adopt measures to protect species at risk and promote resource stewardship (Forest Stewardship Council, 2006).

Consider This:

- Suncor Energy is making efforts to reduce the impact of its operations on land and biodiversity. They purchase low impact technology with narrower seismic lines to reduce the footprint of their natural gas and pipeline development activities. These

narrower clearances reduce predator and human activities that can put sensitive species, such as caribou, at risk (Suncor, 2006).

- Forty-three restaurants in the Greater Vancouver area have signed on to the Vancouver Aquarium's Ocean Wise program, a conservation effort to help restaurants and their customers make environmentally friendly seafood choices. Through the program restaurants indicate they are sourcing from sustainable fisheries that are abundant and resilient to fishing pressures, well managed, harvested in a method that ensures limited bycatch on non-target and endangered species, and that ensures there is limited habitat loss associated with the harvesting method (Vancouver Aquarium, 2006).
- Wal-Mart is introducing the Marine Stewardship Council's independent blue eco-label on ten fish products in its stores across the US (Ethical Corporation, 2006, p. 4).
- Through educating clients on environmentally sound paper choices, Hemlock Printers Ltd., based in Burnaby, BC, has seen more than a 36% increase in the amount of FSC certified paper purchased in 2006 compared to their purchases in 2005. This increased client demand for FSC certified papers resulted in purchases of over 715,000 lbs of FSC certified paper from more than 120 different clients. Of these FSC certified paper purchases in 2006, over 535,000 lbs was post-consumer recycled fibre and over 180,000 lbs was fibre from FSC certified forests and other controlled sources. As a result of the post-consumer content in their FSC certified paper purchases in 2006, the following natural resource use reductions were realized: 6,240 trees saved, 4,469 million BTU's of energy reduced, 2,340,679 gallons of water saved and 300,576 lbs. of solid waste kept from landfill (Information from Hemlock Printers representative November 2006. Environmental impact estimates were made using the Environmental Defense Paper Calculator. For more information visit http://www.papercalculator.org).

Environmental Benefits in Summary

Sustainability purchasing benefits the environment, and environmental benefits can translate into financial and management benefits for organizations and communities. Sustainably-sourced goods and services place less burden on water and energy resources and reduce the amount of waste that the natural environment must assimilate. By becoming material and energy efficient through sustainability purchasing, organizations can demonstrate their environmental commitment and save money over the long term. Biodiversity can be enhanced and species preserved through sustainability purchasing.

Socio-Economic Benefits

Sustainability purchasing practices provide many benefits for an organization's employees, the economy and communities. A commitment to sustainability purchasing can help spur the growth of sustainable technologies and businesses, thereby advancing a sustainability marketplace and economy. Employees that enjoy safer, healthier workplaces are happier and more productive. Sustainable products and services benefit the economy by providing local economic growth and creating economic opportunity for vulnerable populations. They also promote healthy lifestyles, help resource social programs, support fair wages and healthy work practices and improve socio-economic conditions in the developing world.

☞ Improves Wage Levels and Working Conditions and Advances Human Rights

Sustainability purchasing supports the implementation of international labour standards resulting in better working and environmental conditions and fair wages for workers domestically and in less developed countries. It can also support the human rights of citizens. Referred to as "ethical sourcing", standards can include provisions prohibiting child labour, upholding human rights, and creating mechanisms to prevent corruption and bribery. Setting high standards for suppliers helps organizations safeguard against risk, align with their ethical values and ensure safe and productive working environments for employees while advancing human rights globally.

Organizations with ethical sourcing programs typically require their suppliers (through supplier codes of conduct) to conform to labour standards set by the International Labour Organization (ILO). As described by the ILO, the benefits of international labour standards provide:

- A path to decent work: jobs and working conditions in which people can work in freedom, safety and dignity;
- An international legal framework for fair and stable globalization: economic growth and development go along with the creation of decent work;
- A level playing field: it is in everyone's interest to see the rules applied across the board;
- A means of improving economic performance: compliance is often accompanied by improvements in productivity and economic performance;
- A safety net in times of economic crisis: strengthening social dialogue, freedom of association, and social protection systems can provide better safeguards against economic downturns;
- A strategy for reducing poverty: a market governed by a fair set of rules and institutions is more efficient and brings benefit to everyone, and the labour market is no different;
- The sum of international experience and knowledge: international labour standards represent consensus of governments, employers and workers, in consultation with

experts from around the world, on how a particular labour problem could be tackled at the global level (ILO, 2006).

Sustainability purchasing promotes worker health and safety and high standards for working conditions. When purchasing policies support the purchase of local and Canadian products and services, organizations know that they are supporting high Canadian employment and environmental standards. Further from home, sustainability purchasing raises the bar for labour practices and environmental conditions that often otherwise go unseen in markets far from the factories where products are manufactured.

Safer, healthier employees are happier and more productive. They have a greater stake in the organization when it makes choices that benefit employee health, safety and well-being. Employees might not see that a business is installing daylighting features and improving air quality to increase their productivity, but they will certainly appreciate better air and light and the improved working conditions that result.

Consider This:

- Liz Claiborne was drawn into an international public relations crisis in the early 2000s when workers at their major supplier's Guatemalan factories complained about workplace practices and serious human rights abuses. To address their concerns, the factory workers began a unionization drive. According to the Fair Labour Association, factory management initiated an anti-union campaign, including the circulation of propaganda, threats to blacklist trade union officials, pressure for workers to sign documents expressing opposition to the union, assaults and death threats. Representatives from Liz Claiborne, police, government and other trade unions began monitoring the tension. Through multi-stakeholder partnerships and the assistance of the Fair Labour Association, the first collective bargaining agreement in Guatemala's maquila sector was signed, guaranteeing basic working conditions. Through the crisis and resolution process, the Liz Claiborne brand moved successfully from "risk to rescue" (Fair Labour Association 2006).
- Social audits of four factories in China conducted in 2005 by Verité for a well-known US apparel brand found a number of Supplier Code of Conduct violations, including underpayment of wages, excessive working hours and double-bookkeeping. Through worker interviews, Verité gathered information that contradicted management's reports and was able to quantify the underpayment. As a result, workers were given back pay that they were owed (Personal communication with Verite representative, Dec. 5, 2006).

Improves Employee Health and Safety

Sustainable purchasing can improve employee health and safety by ensuring that products are of the highest environmental quality. Switching to "green chemicals" and environmentally friendly cleaning products are ways that organizations can ensure employees are not exposed to toxins in the workplace.

Benefits of Sustainability Purchasing

Consider This:

- New York's Schlegel Corporation manufactures EMI shielding products for the electronic industry, urethane foam weather-stripping for doors and windows, extrudes plastic trim material for the automotive industry and weaves textile products for the photocopy industry. The use of a toxic solvent (methylene chloride) in the manufacture of urethane foam exposed workers to numerous potential long-term adverse health effects, including central nervous system, reproductive, liver, and kidney toxicity, and carcinogenicity (Rudera, 2006). Schlegel substituted it with a chemical mixture with low toxicity and fewer health concerns. As a result, they eliminated fugitive emissions of methylene chloride, improving process safety by eliminating employee exposure and reducing associated employee health exposure monitoring costs (New York State Governor's Awards, 1997; Rudera 2006).
- As part of its Pollution Prevention Program, MIT developed a tool, the Green Chemical Alternatives Purchasing Wizard, to reduce hazardous waste in its research labs. It is a web-based tool, a guided process that allows the user to search from a select list of solvents commonly used in the laboratory and identifies less hazardous and more environmentally benign chemicals or processes that may be substituted. The tool is available for public use: http://web.mit.edu/ENVIRONMENT/academic/purchasing
- In 2002, the Burnaby School Board's joint Occupational Health and Safety Committee, working with the Labour Environmental Alliance Society (LEAS), discontinued using a carpet stain remover and an-all purpose cleaner, after learning that the one contained a possible human carcinogen and the other a liver and kidney toxicant. The cleaners were replaced with non-toxic products, providing health and environmental benefits for both employees and students at Burnaby Schools (information provided by LEAS, November 2006).

- In 2005, the BC Nurses Union worked with LEAS to review cleaning products used by the building management company, Colliers, at the union's provincial headquarters building. After four toxic products in current use were identified, Colliers, the union and the cleaning contractor agreed to institute a new green cleaning program using only EnviroChem brand products, whose cleaners carry the Envirochoice ecologo (information provided by LEAS, November 2006).
- The City of Vancouver approved an Ethical Purchasing Policy in 2005 that set out a Supplier Code of Conduct (SCC) based on the ILO standards. As part of the process, the City's evaluation committee visited suppliers' premises. The committee came across workplace conditions at two BC-based supplier locations that did not meet the City's SCC criterion. Specifically, one site contained a high level of fumes in the production area, while the other was deficient in its work practices with respect to fire regulations and employee safety. The City advised the suppliers they needed to correct the respective deficiencies or the contract would be discontinued. To satisfy compliance, one supplier installed an exhaust system while the other tightened up its fire and safety practices. When the contract awards were made, both suppliers were successful in being awarded four-year contracts (City of Vancouver, 2006a).

PROFILE: Social Benefits of Sustainability Purchasing - Supplier Codes of Conduct

Many companies, especially clothing, footwear and toy retailers, are implementing Supplier Codes of Conduct (SCC) to address environmental, health and safety, and human rights issues in the supply chain and avoid the risk of tarnishing their brands by being associated with sweatshop factory conditions (Drickhamer 2002). An SCC ensures that labour, human rights and environmental standards are communicated to existing and potential suppliers, and provides a way for factory conditions to be audited against a specific standard. The process of factory auditing provides purchasers with an opportunity to positively affect local social conditions. Offences that audits can uncover include:

- Child or juvenile labour abuses
- Benefits violations
- Environmental hazards
- Excessive work hours
- Freedom of association issues
- Harassment
- Minimum wage violations
- Non-remuneration of wages

Although some purchasers have zero tolerance policies around SCC violations, terminating the relationship with suppliers when violations are found, others work with their suppliers to make the necessary changes, resulting in positive social benefits for workers in their factories. Changes are recommended, and factories are given a recommended implementation timeline.

According to the independent social auditing organization Verité, “[s]ome changes, such as mounting fire extinguishers, are relatively straightforward. Others, such as addressing harassment issues or developing and implementing management systems are more complex and require training or other services to ensure that requirements are met. In such cases, Verité works with the client company and local NGO (non-governmental organization) partners to select the most appropriate field-based experts to design and implement a remediation program” (Verite). Such remediation programs have included on-site factory-sponsored schools for underage workers and workers' rights education programs.

As one of the first large manufacturers to develop and publicize a formal code of conduct for their contract manufacturers, Levis Strauss Co. shows how an SCC and associated remediation programs can have positive social impact. After factory evaluations in Bangladesh revealed the use of underage workers, rather than dismiss the employees and risk their further exploitation and economic hardship, the company worked with the factory to develop a solution: “The factory agreed to stop employing underage workers, and to continue to pay a salary to the girls, provided that they attend school. Levi Strauss & Co. paid for tuition, books, and school uniforms for the girls. The contractors, in turn, pledged jobs for the girls after completion of their schooling” (University of Minnesota Human Rights Library, no date).

In another example, Levi Strauss & Co. worked with a contractor to make safety improvements – redesigning the floor space, improving access to exits, and developing an emergency preparedness and evacuation plan. When the area was rocked by a severe earthquake soon after, all employees were able to safely exit the factory – and the changes initiated were credited with preventing injury or death to the workers at the factory (University of Minnesota Human Rights Library, no date).

Box 3: Social Benefits of Sustainability Purchasing - Supplier Codes of Conduct

☞ Develops Markets for Sustainable Products

Sustainability purchasing stimulates demand for sustainable products, resulting in growth of the sustainability supply sector. It also promotes sustainable product innovation, and enhances access to sustainable products by reducing price premiums where they exist.

Stimulates Demand for Sustainable Products and Growth of Sustainability Sector

Widespread sustainability purchasing activities can stimulate efforts to create innovative products and services with reduced environmental and social impacts. Those at the forefront of sustainability purchasing contribute to the dissemination of sustainable products and technologies by proving their effectiveness in a real-world context (CEC, 2003, p. 3). Purchaser uptake of new environmental and social technologies results in their increased commercialization, thereby stimulating expansion of the clean technology sector, growth in trade, investment and jobs, and enhanced national competitiveness. On a macro scale, such activity promises to create the impetus for the emergence of a sustainability economy through commercial relationships in the supply chain.

Consider This:

- American-made computers are now more energy efficient because of the US government's sustainability purchasing programs. Some computer manufacturers were reluctant to design energy-efficient machines, believing that no market existed for them. The federal government's $5 billion USD in annual purchases represents approximately seven percent of the world market, so once they expressed their preference for energy-efficient computers, manufacturers began producing them. The computers are now available to any consumer at no additional cost (Government Procurement, 2002).
- Global production of organic cotton totaled 6,400 metric tons five years ago and demand was such that some organic farmers could not find buyers. In 2006 Wal-Mart predicts they will acquire 6,800 metric tons, well over the 2001 figure, and they have further committed to buy organic cotton for five years, assuring farmers a market for their crops (Gunther, 2006, p. 7).

Sustainability purchasing ensures that manufacturers know what the market wants and what organizations are willing to pay for. Under the right conditions, purchasing organizations will pay a small cost premium for products or services with better environmental or social attributes. Suppliers need this signal in order to adapt their product or service offering, without which they will continue with traditional practices.

Stimulates Sustainable Product Development

Working with suppliers often leads to product innovations. Closer relationships between buyers and suppliers results in buyers bringing their issues to suppliers, advising them of their sustainability requirements and the problems they are trying to solve. An example from the green building industry is illustrative. BASF, a multinational manufacturer of chemicals, plastics and other products, is influenced by its purchasers to create new sustainable products. As noted on p.21, when Tridel

Condominiums wanted to improve the energy performance of their new buildings by reducing heat loss through the walls, they worked with BASF to create a new spray foam insulation product (James, 2006) that was commercialized for sale to other buyers.

Enhances Access to Sustainable Products by Lowering Costs
When more organizations engage in sustainability purchasing, they create a larger market for sustainable products and services, the demand for which generates larger volumes and lowers prices.

Consider This:

- Canada's single largest buyer and property manager, the federal government, has adopted a green procurement program, creating significant economies of scale for sustainable products and services. The federal government is using the power of their annual product and service spending envelope of $11.6 billion CDN to both promote and lower the cost of sustainable products and services (CEC, 1999).

When large governments, institutions and businesses buy sustainable products and services, they lower the cost of production by increasing demand, thereby lowering their organizations' procurement costs and further stimulating demand for, and access to, sustainable products and services.

Promotes a Strong Local Economy and Reduces Local Taxes

Often one of the criteria for sustainability purchasing is to 'buy local' to support local businesses, thereby increasing local tax revenues and civic infrastructure, local jobs, local economic diversification and enhanced community resilience while reducing the environmental burden of shipping goods long distances. Buying from local firms keeps money circulating in the local economy, as proven by a measure called the 'local multiplier'. The local multiplier is essentially a measure of how many times money that is spent at a local business circulates to other local businesses before leaving through the purchase of an import. $1 million spent locally, recirculating eight times, for example, would act much like $8 million by increasing revenue and income opportunities for local producers and suppliers. On the other hand, the same amount spent on imported goods at retailers (or online) with businesses headquartered in other regions would add very little or no value to the local economy; one million dollars would act just like one million dollars instead of several million dollars.

Consider This:

- A study of hotels and bed and breakfasts (B&Bs) in Tayside, England showed that money spent at locally-owned B&Bs had a multiplier of 80%, meaning that 80% of revenues were re-spent on local products and services by the B&Bs compared to only 34% of hotel revenues which were spent locally (NEF and TCA, 2002).

Benefits of Sustainability Purchasing

- A study comparing the economic impact of ten Chicago-area businesses and their chain competitors found that locally-owned businesses generate a substantial local premium in enhanced economic impact:
    - For every $100 in consumer spending with a local business, $68 remains in the Chicago economy, compared to $43 for spending with a chain business
    - For every square foot occupied by a local business, local economic impact is $179, compared to $105 for a chain business (Civic Economics, 2004)
- Businesses and governments can increase the amount of money being retained in the local economy of disadvantaged urban and rural areas by fostering links in the local business supply chain (BITC, 2006).
- Located in south central British Columbia, Canada's largest copper mine, Highland Valley Copper (HVC) owned by Teck Cominco, has a Code of Business, Environment and Health and Safety Practices which requires “the support of local communities and their development by seeking locally sourced goods and services.” In accordance with this policy, HVC contracted a local nursery owned and operated by the Shackan Indian Band to provide 35,370 seedlings to re-vegetate disturbed land. In 2005, HVC purchased over $68.6 CDN million in goods and services from 401 different local suppliers (Teck Cominco 2005 Sustainability Report, forthcoming).
- De Beers Canada uses sustainability purchasing to support local business and provide local employment. They “build relationships with local suppliers, selecting those best qualified to satisfy the requirement for on-time delivery, quality materials, equipment and services”, and provide employment opportunities to the communities in which they operate. Construction on the Snap Lake Project, northeast of Yellowknife, began in February 2005. “By August 15, 2006 a total of $431,898,107 has been spent on contracts and purchase orders for the construction of the mine. $246,377,627 (57%) has been spent with NWT Businesses. Of the NWT expenditure, $176,410,526 (72%) was with Aboriginal Businesses or Joint Ventures.” In addition, De Beers set a goal to achieve 40% NWT Resident employment during construction and 60% NWT Resident employment during operations. (De Beers Canada, 2006).

In the past some organizations have been concerned that specifying local content would place them in contravention of international trade agreements. However, recent work by the North American Green Purchasing Initiative (NAGPI) refutes this argument (CEC, no date). In addition, recognizing that not all products can be sourced locally, a “local-first” approach may be taken to ensure that local products are sought out first, followed by regional or national sourcing.

A sustainability purchasing program that promotes local companies results in support for wage and environmental standards consistent with Canadian norms. Local purchasing also promotes enhanced relationships with suppliers, as purchasers are more likely to meet face-to-face with their suppliers and the transaction costs of distant relationships are reduced.

Sustainability purchasing can also reduce an organization’s use of municipal or regional services such as water, sewage and landfill, enhancing the capacity of existing services, and preventing tax hikes to pay for new landfills, or expanded water and sewage treatment facilities.

Consider This:

- Sustainability purchasing benefits the community through reduced resource use and infrastructure. For example, industrial, commercial and institutional water use accounted for 28% of water use in the Georgia Basin in 2001 (Environment Canada, 2005). When organizations reduce their water use by purchasing more water-efficient products and services, the whole community benefits as the capacity of existing water supplies and treatment systems is enhanced. Increased capacity can help municipalities manage the water supply issues they confront during dry, hot summers. This ultimately results in positive benefits for property tax payers.

Supports Vulnerable Groups, Provides Community Services and Reduces Public Expenditures

A policy to purchase from social enterprises or businesses that train and hire vulnerable groups, including aboriginal people, people with disabilities and the chronically un- or under-employed, will result in reduced homelessness, child and family poverty, addictions and mental illness and improved quality of life for disadvantaged individuals and families, raising the overall level of community well-being.

Organizations that purchase goods and services from social enterprises and co-operatives that provide important community services promote healthy communities, resulting in a higher standard of living for all. Sustainability purchasing that sources from suppliers located within inner-cities or disadvantaged rural areas contributes to the local economic health and vitality of the disadvantaged community and increases economic opportunities for vulnerable populations. Community pride can result, as well as reduced crime, addictions and other social problems. A reduction in social problems can result in reduced public expenditures.

Consider This:

- The Vancouver Organizing Committee for the Olympic and Paralympic Winter Games (VANOC) brought in Cook Studio Food Services, a social enterprise that creates jobs and builds skills for the long-term unemployed and youth at risk, to provide on-site cafeteria and internal catering services to VANOC staff. By contracting with this social enterprise, VANOC is helping to generate supported employment and training opportunities for disadvantaged people. In the first six months of operation Cook Studio was able to hire four women and one youth with employment challenges from Vancouver's inner-city as a result of their VANOC contract (information provided by a Cook Studio Food Services representative Oct. 2006).
- The City of North Vancouver, as part of a Greater Vancouver local government purchasing group, wanted to award an annual $750,000 CDN office supply contract to a socially responsible supplier and in 2005 put out an RFP indicating this interest. They chose to grant this contract to Mills Basics in part because they actively hire people from the inner-city with barriers to employment and provide many in-kind donations to the Downtown Eastside community. This contract and others like it have given Mills Basics the volume they need to hire 11 people with employment challenges over the past 4 years (information provided by a Mills Basics representative November 2006).

- Vancouver's Social Purchasing Portal (SPP) provides purchasers with a direct and meaningful way to demonstrate their corporate social responsibility values by allowing them to stimulate social benefits in the community using existing purchasing expenditures. In Vancouver's inner-city, the Downtown Eastside, SPP member-suppliers, working with a network of employment development services, sign a contract to give employment advantages to qualified persons ready to re-enter the labour force. Therefore, by choosing suppliers that are SPP members, organizations promote economic development for inner-city businesses and employment opportunities for the hard-to-employ or long-term unemployed.
- Toronto-based Social Capital Partners has developed a Social Return on Investment (SROI) model that calculates the public expenditure benefits of hiring disadvantaged individuals. For example, an inner-city long-term unemployed father of six living on welfare was hired at a social enterprise that provided on the job training and employment in housing renovation. As a result of his employment income, his need for government income assistance was reduced 62%, with a financial income assistance cost-savings to the government of $15,600 CDN and a further $4,235 CDN generated in new income tax revenues (SCP, 2005).

Sustainability purchasing policies have social benefits that can generate considerable impact in local communities, improving the overall quality of life for citizens, not to mention the public benefits that accrue through reduced tax expenditures on welfare and social programs, and enhanced tax revenues from local businesses and employment income.

☞ Promotes Economic Opportunity and Benefit-Sharing with Indigenous People

A sustainable purchasing program that places a priority on sourcing from Aboriginal businesses whether directly or thought joint venturing, contributes to economic empowerment and self-determination of indigenous communities. Such a policy, for example, can ensure the economic benefits of resource extraction or harvesting are shared locally with indigenous people. Organizations that like to provide gifts to clients and others could set up a gifting catalogue of authentic Aboriginal art to promote Aboriginal artists and celebrate Aboriginal culture.

Consider This:

- Diavik Diamond Mines Inc. is located on a 20 square kilometre island, approximately 300 kilometres by air northeast of Yellowknife, capital of Canada's Northwest Territories. Diavik has a policy to foster long-term sustainable business relationships in the North to ensure northern businesses participate and benefit from the mine. During 2002, Diavik entered into several contracts with Aboriginal and other local northern businesses, including:
  - Ek'ati Services
  - Tli Cho Logistics
  - I&D Management Services Ltd.
  - A&A Technical Services
  - Kingland Ford
  - Fountain Tire
  - Denesoline Western Explosive
  - SecureCheck

During 2005, Diavik spent $223M CDN on goods and services, of which $168M CDN or 75 per cent was with northern business. Of this they spent $86M CDN or 39% with Northern Aboriginal business and $81M CDN or 37% with Northern non-Aboriginal business (Diavik, 2006).

- Under its agreement with the NANA Regional Corporation for development of the Red Dog Mine in northwest Alaska, Teck Cominco is committed to sourcing from local Aboriginal contractors as one instrument of revenue-sharing over the life of the project. Currently, 57% of the mines workforce is made up of shareholders (i.e. local aboriginal residents), which includes those employed by the two major service contractors NANA Management Services (hotel, catering, security, employee leasing, and janitorial services) and NANA/Lynden Services (transportation and logistics). In an area of limited economic infrastructure, these contracts are attributed to have generated considerable local employment for Aboriginal residents.
- The Aboriginal Mothers Centre Society, a community services centre providing employment, business development and other programs for Aboriginal women, was contracted to produce 7,000 delegate bags for the third session of the World Urban Forum, a UN-HABITAT event focused on sustainable cities, held in Vancouver, BC in June 2006. Environmental impacts were reduced through the selection of natural fibres including hemp, unbleached cotton and Merino wool and the use of natural dyes. In addition, the contract contributed to positive social and economic development through providing employment for more than 50 people over a 4 month period and a source of funding for the continued growth and operation of the Aboriginal Mother Centre Society (from a World Urban Forum representative, November 2006).

☞ Improves Conditions in the Developing World

Sustainability purchasing policies that favour fair trade products, including handcrafts and agricultural commodities such as coffee, tea, chocolate, rice, sugar and fresh fruit, support better environmental and social conditions in the less developed world. Fair trade principles typically include creating opportunities for economically disadvantaged producers, transparency and accountability to ensure fair and respectful dealing with trading partners, continuity of trading relationships to support producer capacity-building, payment of a fair price to producers, prompt payment and access to pre-harvest or pre-production financing, safe and healthy working conditions and sound environmental practices.

Trans Fair Canada, Canada's fair trade certification organization, identifies the following specific benefits of fair trade:

- Farmers in building necessary social infrastructure: Improves access to loans and technical assistance for building infrastructure to improve production, such as:
  - Communications systems, and collectively owned transport and processing equipment
  - Better health care and education
  - Technical training and skill diversification for cooperative members and their families

- Consumers: Gives customers the option of purchasing according to their principles and values, empowering them to be a player in the solution to global trade inequities, providing them with products of superior quality, and assuring them of the ethical source of their food and non-food purchases.
- Farming and production practices: Supports practices that are environmentally sustainable, such as integrated farm management systems that minimize pollutants, pesticides and herbicides, organic agriculture techniques and bans on the use of dangerous pesticides (Trans Fair Canada, 2006a).

Consider This:

- Starbucks is North America's largest purchaser of Fair Trade Certified™ coffee. In 2005, Starbucks purchased 11.5 million pounds of fair trade coffee, representing approximately 10% of global fair trade coffee imports (Starbucks, 2006).
- Over the last 8 years, TransFair USA has channeled $75 million USD in additional income to co-operative, small-scale family farmers improving community living conditions and supporting family health care and education. American fair trade procurement has benefited over 1.1 million farmers and farm workers in Latin America, Asia and Africa since 1999 (Trans Fair Canada, 2006b).
- A Latin American coffee co-operative producer earns an average of $1,700 USD per year for organic coffee sold through a fair trade co-op; in the conventional market this would fetch only $550 USD. Higher and more stable incomes from Fair Trade sales are fueling improvements in household well being. Coffee farmers report upgrading household sanitation systems, water supplies and cook stoves. Producers are increasing investments in education: purchasing additional school supplies, allowing their children to remain in school during the coffee harvest and even supporting additional years of schooling (Raynolds, Murray and Taylor, 2004).

Sustainability purchasing policies and practices generate a number of individual, family, community and societal benefits, including promotion of a strong local economy, economic opportunities for vulnerable groups and communities, reduced public expenditures, improvement in local and global wages and working conditions and improved social and environmental conditions in less developed countries.

Socio-Economic Benefits in Summary

Sustainability purchasing distributes socio-economic benefits all along the supply chain – for producer-suppliers, purchasers, consumer-citizens, communities and workers. It encourages healthy communities, good working conditions and wages and strong economies locally and globally. Sustainability purchasing encourages the economic engagement of vulnerable individuals and communities, advances human rights and catalyzes the growth of a sustainability marketplace. It supports improved national competitiveness, trade and investment and can help reduce public expenditures and the overall public tax load.

Section 3:
Costs of Sustainability Purchasing

Strategies to Manage Costs of Sustainability Purchasing Programs

- Costs of Sustainability Purchasing
- Minimizing Overall Costs
- Managing Start-up Costs of Sustainability Purchasing Programs

Costs of Sustainability Purchasing

Every business case has both benefits and costs. As the foregoing has demonstrated, a sustainability purchasing program can generate significant financial benefits. There are costs to sustainability purchasing as well, enumerated below, along with strategies for managing and reducing these costs. Typical costs of establishing and operating a sustainability purchasing program include costs associated with the labour and research required to establish a program, stakeholder engagement expenses (i.e. informing, training and working with staff, suppliers and other stakeholders) and cost premiums on more sustainable products (some of which may have a longer-term payback). Table 4 summarizes the costs and barriers organizations may encounter when implementing sustainability purchasing initiatives and pairs them with strategies for overcoming them.

It bears mention, however, that while there are material costs associated with developing and implementing a sustainable purchasing program, there are also significant costs in not having a program. Organizations without sustainability purchasing programs could suffer reputation, climate change and other risks and experience productivity and innovation lags relative to their competitors, for example. These costs are expected to grow with heightened consumer, government, NGO, community and investor concerns over environmental and social conditions in the coming decades.

Cost or Barrier	Success Strategies
Labour and research: determining which environmental, ethical and social attributes are most important and the assessment of multiple attributes (e.g. recycled content, chlorine-free, etc.)	o Model contracts and product specifications incorporating environmental and social requirements are available for many of the most commonly purchased products and services. Internet research or resource organizations such as the Sustainability Purchasing Network can help. o Let someone else do the work: buy products with environmental or social certification wherever possible. Third-party certified is best (e.g. Ecologo in Canada), but you may also choose industry-certified (e.g. BC Hydro's

Costs of Sustainability Purchasing

Cost or Barrier	Success Strategies
	eCatalogue), fair trade certification or SA8000, a certification system for ILO standards o Visit sustainability trade fairs to check out new products all in one place o Share the load: collaborate with other purchasers to share information and cost-share research and program development
Cost and effort of stakeholder engagement: employees, suppliers, customers, NGOs, etc.	o Join a group to learn from others about how to engage stakeholders o Partner with other organizations to conduct joint engagement and consultation programs
Cost premium: initial higher cost of some products/services	o Start or join a buying club (paper buying club, for example) to reduce costs through volume purchasing o Use total cost of ownership (TCO) to determine the payback (see page 46) o Lobby government for higher standards on products/services to level the playing field
Time/effort spent on securing support from executives, the board, end-users	o Build on success: start where you know there is proven success with other organizations, win some support with key management and end-users, and go from there o Use the "Consider This" figures and case studies to help quantify and illustrate the benefits o Wherever possible, think of examples where your competition or partners are doing it
Learning curve: changing the low-cost mindset, integrating total cost considerations into purchasing decisions, buy-in from all departments	o Talk to individuals with a variety of functions (project managers, purchasing officers, end-users, facility managers, suppliers and contractors) about their habits, concerns and inputs o Put together a communications strategy o Learn from others: join a purchasing network or collaborative o Use the "Consider This" figures and case studies to help quantify and illustrate the benefits o Create a procurement team with representatives from various functions in the business
Resistance to change	o Use the "Consider This" figures and case studies to help quantify and illustrate the benefits o Learn from others: join a purchasing network or collaborative
Conflicting and confusing information, lack of clear definitions, insufficient information	o Learn from others: join a purchasing network or collaborative
Educating other internal purchasers	o Learn from others: join a purchasing network or collaborative o Explanation/assistance, personal visits
Educating external suppliers	o Work collaboratively on these issues with other purchasers o Learn from others: join a purchasing network or

Cost or Barrier	Success Strategies
	collaborative o Personal visits o Supplier Code of Conduct as a tool to educate vendors about expectations o Partner with NGOs to gain information about local conditions, governments, changes in legislation, cultural issues

Table 4: Purchasing Costs/Barriers and Success Strategies

A key strategy for overcoming both cost and other barriers is to partner with others. Organizations that engage with other purchasers find they are not alone, and it often helps to learn from others, or to work together to problem solve. Learning from others, particularly, can be a cost-effective approach to policy development and implementation. Cost-sharing research and collaborating on projects and policy development can further help offset expenses and start-up costs. The Sustainability Purchasing Network offers opportunities for purchasers to collaborate with one another by offering case studies, tools, workshops, learning circles, a newsletter and other services. For more information, see www.buysmartbc.com.

Whatever the organizational strategy, remember that the development and implementation of a sustainability purchasing program is a process of change. People are often resistant to change, so it's best to expect it. Actively listen to the concerns of managers, employees, end-users, suppliers and others to ensure a full understanding of their concerns. Keep in mind that you may have to provide explanation and assistance along the way. The more staff members you support and assist, the more advocates for sustainability purchasing you will have at the end of the process.

Minimizing Overall Costs

While there are a number of costs and barriers to the successful implementation of a sustainability purchasing program, there are effective ways to minimize costs and overcome barriers. In addition to those listed in Table 4, there are a number of tools to assist purchasers to identify and manage the financial implications of a sustainability purchasing policy:

- Acquisition planning is a framework for purchasers to effectively plan or defer purchases;
- 'Budget envelope' approach to purchasing uses cost offsets in one area (e.g. in reduced utility costs) to cover price premiums in another area; and
- Total cost of ownership (TCO) method, which illustrates the cradle to grave costs of product ownership, can draw out the sometimes hidden costs of "unsustainable" products and services, leveling the playing field for "sustainable" products and services that have higher initial costs.

Acquisition Planning

Acquisition planning is a tool that allows purchasers to step back and assess whether a purchase is even necessary in the first place. If the purchase is deemed necessary, then the next step can be to assess alternatives. In large organizations which have dedicated purchasing personnel and where actual buyers may be in separate departments, it is wise and increasingly more common for purchasers, who have considerable product and industry knowledge, to be involved in the beginning phases of the procurement, and to work with the buyer to define and assess the need.

Ultimately, avoiding a purchase all together may be the most environmentally responsible action. While that is not always possible, evaluating and reducing the need, use and scale of a purchase is a step in the right direction. The quantity purchased must be appropriate and sure to be used. Discussions with buyers regarding the necessity of, and possible alternatives to, a purchase, is the root of any procurement strategy (NAGPI, 2006).

Consider This:

- Organizations that build or renovate with green materials can significantly reduce operating, maintenance and replacement costs. When the University of British Columbia built their signature green building – the CK Choi building – they were able to entirely eliminate the purchase of an HVAC system through sustainable design. The building was designed to use only natural ventilation, supplemented with fans. Not only did this eliminate the upfront and replacement costs of purchasing an HVAC system, but it also eliminated costly long-term operating and maintenance costs. By planning ahead, UBC successfully avoided the cost of an expensive purchase altogether.

Questions MEC Asks When Constructing New Retail Stores:

⇔ Can we do without it?
⇔ Does it have less embodied energy?
⇔ Does it have less embodied pollution?
⇔ Is it more energy efficient?
⇔ Is it locally manufactured?
⇔ Does it have a longer life cycle?
⇔ Can it be recycled and/or contain recycled content?
⇔ Does it reduce the amount of waste destined to landfill?
⇔ Is the product a naturally occurring, renewable and sustainable resource?
⇔ Does it raise awareness of environmental issues?

Procurement Questions Aveda Cosmetics Asks Before Buying or Using:

⇔ Do we need it?
⇔ Can we do without it?
⇔ Can we borrow it, rent or get it gently used?
⇔ Is the project designed to minimize waste?
⇔ Can it be smaller, lighter or made from fewer materials?
⇔ Is it designed to be durable or multi-functional?
⇔ Is it available in a less toxic form? Can it be made with less toxic materials?
⇔ Does it use renewable resources?
⇔ Is reuse practical and encouraged?
⇔ Are the product and/or packaging refillable, recyclable or repairable?

Box 4: Procurement Questions Leading Companies Ask When Acquisition Planning

For more information on acquisition planning see the North American Green Purchasing Initiative's Best Practices Guide at:
http://www.cec.org/eco-sat/english/guide/section03/index

☞ Budget Envelopes

Organizations which reduce expenses in certain product categories as a result of their sustainability purchasing program (see the Financial Benefits section above), are in a position to apply these cost savings to offset cost premiums of other sustainable products and services. Considered within a "budget envelope" of total purchases, the net effect of a sustainability purchasing program on an organization's bottom line may be neutral or insignificant. Similarly, organizations which are analyzing their supply chains to reduce their negative or maximize their positive social or environmental impacts may well discover other efficiencies and cost-savings as a result, further reducing their overall purchasing expense envelope.

Consider This:

- As noted in Section 2, the City of Vancouver was able to obtain better volume discounts with the application of its ethical purchasing policy to apparel purchases. The contract for the supply of clothing and uniforms for City departments resulted in cost reductions per unit purchased due to consolidation of requirements, standardization of clothing items and increased competition in the market place. The City expects to realize an annual savings of $14,000 over 2006 costs as a result (City of Vancouver, 2006b).

Total Cost of Ownership

Total cost of ownership (TCO) is an important concept for creating the business case for many sustainability purchasing decisions. Total cost of ownership is an evaluation tool often partnered with a sustainability purchasing strategy. TCO is designed to assess the true profitability and sustainability of business investments by considering the time horizon that reflects the entire life cycle (and the economic costs associated with each phase of the cycle) of a product or service. While conventional purchasing evaluation focuses on the acquisition cost of a product or service, TCO evaluation examines hidden costs from production to disposal in addition to the acquisition cost (see Box 4).

Suncor is one company that uses TCO to advance its sustainability objectives and make good business decisions:

> "Suncor uses life cycle thinking, including a formal Life Cycle Value Assessment (LCVA) tool, to help evaluate the impact of a project's design, construction and operation. LCVA covers everything from the manufacture of materials by third-party vendors to waste disposal and reclamation. The analysis and information Suncor gathers with this tool helps us make smart, responsible business decisions. This results in more sustainable project designs and operations that take into account long-term triple bottom line benefits and impacts, not just short-term paybacks" (2006).

Performing a total cost of ownership evaluation involves moving through a number of logical steps:

1. Identify reasons for purchasing and needs that the purchase should address
2. Define objectives for the purchase and the scope of spending
3. Identify direct and indirect costs of the purchase over its life cycle
4. Analyze financial, ecological and social performance
5. Make decision
6. Measure impacts

Costs of Sustainability Purchasing

Comparison of Costs	Petroleum-Based Lubricant	Biosoy™ Biodegradable Lubricant
Annual Purchase (300 Gallons)	$1,500	$3,195
Waste Costs		
6 drums @ $50/drum	$300	$0
Spill (500kg/yr)*		
Admin. Costs	$2,400	$0
Waste Min Fees	$1,000	$0
Total Cost of Ownership	**$5,200**	**$3,195****

*Assumes 500 kg (150 kg oil+350 kg debris) of spills and hydraulic per year.
**Payback is 4.8 years.
(Rose and Rivera, no date)

Box 5: Total Cost of Ownership: A Tale of Two Lubricants

The Sustainability Purchasing Network has developed resources on total cost of ownership, including a total cost of ownership workbook. Please see Box 5 below for more information on this and other sustainability purchasing tools.

Sustainability Purchasing Network Total Cost of Ownership (TCO) Workbook
The TCO Workbook is intended to help organizations understand how to use TCO to make everyday purchasing decisions cost-effective and sustainable. Available at: www.buysmartbc.com

Greater Vancouver Regional District Business Case Total Cost Assessment (TCA)
Business Case TCA uses Total Cost Assessment methods to help business owners identify changes to operational practices that can lead to reduced costs and increased profitability while also increasing resource efficiency and reducing pollution. Available at: www.gvrd.bc.ca/smartsteps/tools.htm

North American Green Purchasing Initiative eco- SAT (Self-Assessment Tool)
Designed to help professional purchasers evaluate their organization's environmental purchasing initiatives and identify opportunities for improvement. Available at: www.cec.org/eco-sat.

Business Case for Green Design
This online guide outlines the business case for the design of green buildings as a way to reach business goals. Visit: www.facilitiesnet.com/bom/Nov02/Nov02environment.shtml

Box 6: Sustainability Purchasing Tools

Managing Start-up Costs of Sustainability Purchasing Programs

The development of a sustainability purchasing program can be time-intensive. A number of existing resources that can serve as "how-to" guides on sustainability purchasing, saving considerable time and effort, are highlighted in Box 6 below. Many organizations start out with small efforts that are manageable and cost-effective, to build internal acceptance and momentum, and then build on that success. Documenting and measuring the benefits, costs and savings of these initial steps is important, so that purchasers have the information they need to justify future decisions.

Rather than taking on the costs of a major overhaul of a purchasing program upfront, many organizations start with priority products and services, whether those with the biggest social or environmental impact or opportunity, those that represent low-hanging fruit, or those that represent their most important supplier relationships in terms of time, dollar value or primacy. Vancity, a credit union based in Vancouver, BC, provides a good example of this. They determined that 80% of their purchasing was with 7% of their suppliers, so they started working with those suppliers. Similarly, other organizations may start with a basket of 'green' or fair trade products (e.g. recycled office paper, remanufactured printer cartridges, energy efficient light fixtures, or fair trade coffee) and then move to more sophisticated sustainability purchasing initiatives that include social and economic considerations such as sourcing ethically produced apparel made from organic cotton.

Costs of Sustainability Purchasing

Alliance for Environmental Innovation (AEI)
AEI (an arm of Environmental Defense) hosts an online Business Toolkit with extensive case studies, paper supplier evaluation forms, paper calculators, and program support software. See: www.environmentaldefense.org/corporate_innovation.cfm

Center For A New American Dream
The Center has an Institutional Purchasing Program with a guide to getting started on environmental purchasing program. See: www.newdream.org/buy/

Greater Vancouver Regional District Sustainable Purchasing Guide
Designed to help businesses incorporate social and environmental considerations into purchasing decisions. The Guide includes sample policies from other organizations. Available at: www.gvrd.bc.ca/smartsteps/tools.htm

North American Green Purchasing Initiative (NAGPI)
NAGPI has various resources, including a Best Practices Guide with advice on policies, process and implementation, a checklist and list of North American green purchasing initiatives. Available at: www.cec.org/eco-sat/english/guide/section01/index.html NAGPI resources also include "Environmental Purchasing Policies 101: An Overview of Current Environmentally Preferable Purchasing Policies", fact sheets and a listing of Existing Green Procurement Initiatives and various publications available at www.cec.org/bibiographies. Contact info@cec.org for more information or see www.cec.org/programs_projects/trade_environ_econ/nagpi/

Sustainability Purchasing Network
The Sustainability Purchasing Network supports organizations in their efforts to develop and improve their sustainability purchasing practices and works to influence positive environmental, social, ethical and economic impacts for British Columbia and beyond. The Network provides best practices, training, practical tools and regular opportunities for purchaser dialogue. Visit: www.buysmartbc.com

Box 7: Sustainability Purchasing Program Resources

Resources

More Information

- Acronyms
- Glossary
- References

Acronyms

CEC	Commission for Economic Cooperation
CF	Compact Fluorescent Bulb
CSR	Corporate Social Responsibility
DJSI	Dow Jones Sustainability Index
ESG	Environmental, Social and Corporate Governance
GHGs	Greenhouse Gases
GVRD	Greater Vancouver Regional District
HVAC	Heating, Ventilation, Air Conditioning System
IFC	International Finance Corporation
ILO	International Labour Organization
LEAS	Labour Environmental Alliance Society
LEED	Leadership in Energy and Environmental Design
MBS	Masters of Biological Sciences
MSDS	Material Safety Data Sheet
NAGPI	North American Green Purchasing Initiative
NGO	Non-Governmental Organization
NPRI	National Pollutant Release Inventory
PPE	Personal Protective Equipment
PVC	Poly Vinyl Chloride
SCC	Supplier Code of Conduct
SCP	Social Compliance Program
SMEs	Small and Medium Sized Enterprises
SPP	Social Purchasing Portal
TCO	Total Cost of Ownership
USGBC	US Green Building Council
VANOC	Vancouver Organizing Committee for the Olympic and Paralympic Winter Games
VOC	Volatile Organic Carbon
WCB	Worker's Compensation Board

Glossary

Acquisition Planning: Acquisition planning is a purchasing tool that evaluates the necessity of, and possible alternatives to, a purchase..

Corporate Social Responsibility (CSR): The balanced integration of social, economic and environmental factors in business decision-making and the engagement of stakeholders in that process.

End-users: Individuals or organizations that operate a good or service.

Green Building: Green building involves the effort to reduce or eliminate the negative impact of buildings on the environment and on building occupants. Green building design and construction practices address sustainable site planning, safeguarding water and water efficiency, energy efficiency, conservation of materials and resources, and indoor environmental quality.

LEED: The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings.

Local Multiplier: The local multiplier is a measure of the impact of local spending on the community. The local multiplier measures the flow of money spent at local businesses, indicating how many times money re-circulates, effectively multiplying the positive benefit for the local economy of spending at local businesses.

National Pollutant Release Inventory (NPRI): A database of information on annual releases to air, water, land and disposal or recycling from all sectors - industrial, government, commercial and others organizations in Canada. It is legislated, nation-wide and publicly accessible.

Net Present Value: The present value of an investment's future net cash flows minus the initial investment. If positive, the investment should be made (unless an even better investment exists), otherwise it should not.

Payback Period: Payback period indicates the amount of time it takes to break even on an investment/purchase.

Supplier Code of Conduct: A supplier code of conduct sets out an organization’s parameters for its working relationships with suppliers and communicates the standards and practices required from suppliers.

Supply Chain Management: Supply chain management refers to the planning, scheduling, and control of the supply chain; this means that an organization has the right product, in the right place, at the right time, in the right condition.

Sustainable: For the purposes of this Guide, the term “sustainable” refers to a triple-bottom line approach that includes financial, environmental and social considerations.

Sustainability: The term “sustainability” is used interchangeably with “sustainable” in this Guide.

Total Cost of Ownership: Total cost of ownership is an evaluation tool designed to assess the true profitability and sustainability of business investments by considering the time horizon that reflects the entire life cycle of a product or service.

Zero Environmental Footprint: A goal or target to have no net environmental impact by a given time period through reducing and offsetting consumption of resources and other environmentally harmful behavior.

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Appendix A

Sustainable Purchasing Criteria Used in the Guide

This Guide used the following sustainable purchasing criteria as the basis for assessing the financial, management, environmental and socio-economic benefits:

- Waste Prevention and Reduction
- Resource Reduction
- Pollution and Toxin Reduction
- Reduction of GHG Emissions
- Biodiversity Maintenance
- Improves Wages and Working Conditions
- Employee Health and Safety
- Advances Human Rights
- Growth of Sustainable Economy
- Support for Local Economy
- Support for Social Enterprises
- Aboriginal Procurement
- Support for Fair Trade

Appendix B

About the Sustainability Purchasing Network

Connecting Organizations to Buy Smart and Foster Economic Sustainability

What is the Sustainability Purchasing Network?

Established in 2005, the Sustainability Purchasing Network has a mandate to support organizations in their efforts to develop and improve their sustainability purchasing practices and to ultimately influence positive environmental, social, ethical and economic impacts for British Columbia and beyond.

What does the Sustainability Purchasing Network Offer?

The Network provides opportunities for the expansion of professional skills and knowledge through its service-oriented research, information, training and networking programs. It provides opportunities for purchasers to collaborate with one another and with suppliers to help improve the social and environmental performance of products and services and support the growth of socially and environmentally responsible businesses. The Network offers the following services, some of which are in development:

- Best practice sustainability purchasing case studies
- The business case for sustainability purchasing
- Tools for advancing sustainability purchasing policy and practice
- Training workshops
- Practitioner learning circles and online dialogues to share best practices and work together
- Collaborative projects such as buyers clubs, product fairs and initiatives to support economic sustainability
- A newsletter with events, resources, tools and updates
- Technical assistance and advisory services

Why Participate in the Sustainability Purchasing Network?

By participating in the Network, your organization can:

- Save costs, advance innovation and align operations with values
- Receive assistance in overcoming barriers to effective sustainable purchasing
- Join other progressive organizations in building a new movement
- Help create new opportunities in the marketplace
- Better assess environmental, social and ethical risks associated with products and services
- Build strong supplier relationships to improve reliability, trust and performance

By participating in the Network, you can:

- Develop expertise in an emerging purchasing specialty area
- Help enhance your organization's reputation
- Connect with like-minded professionals and practitioners
- Access leading edge best practices, information and resources
- Seek solutions to your purchasing challenges
- Work with others to advance the growth of a sustainable economy

Who Can Join the Sustainability Purchasing Network?

Membership is open to BC organizations with an interest in sustainability purchasing whether your organization is just starting out or has advanced practices. Suppliers are welcome to join in their role as purchasers. If you are a private, public, or non-profit sector purchaser, office manager, policy advisor or sustainability professional, you are invited to participate in the Network and be part of this emerging organizational trend. To subscribe to our newsletter and learn more about workshops, events and resources, please contact info@buysmartbc.com or see: www.buysmartbc.com.

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