



Sustainable
Procurement
Pledge

Canada



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SPP Canada Chapter Launch Event
THE NEED FOR CHANGE AND WHY
SUSTAINABLE PROCUREMENT IS
IMPORTANT FOR DRIVING BUSINESS
VALUE

Free Toolkit for Sustainable
Procurement Professionals

July 4th | 3-4pm EDT



Sustainable
Procurement
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Let's drive change. Together.

SPP CHAPTER OVERVIEW

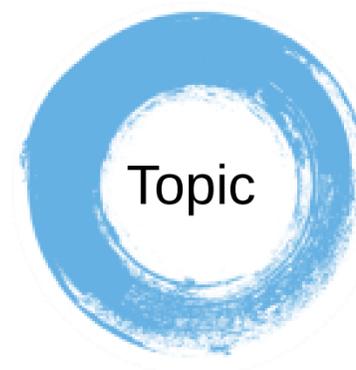


Canada

join us

Supporting
the procurement
leaders of today &
tomorrow on their
sustainability journey

Three types of Chapters help drive the central SPP purpose to **Equip, Empower & Encourage** Procurement professional in making more sustainable decisions across their supply chains



We would love to keep you informed, please tell us what you want to hear about.

I would like to receive SPP updates!

We will send news, updates, and insights that will help you to stay up-to-date with what is happening in the SPP community, incl. our newsletter with information about upcoming events, engagement opportunities, resources, and Ambassador benefits.

I would like to receive updates from SPP chapters!

Please indicate which SPP chapters you are interested in. Based on your selection we will send you information about specific SPP chapter events and activities. You can update this selection at any time.

Topic Chapters

- Supplier Diversity
- Scope-3
- Human Rights
- Packaging

Industry Chapters

- Travel & Hospitality
- Pharma
- Public Procurement

Country Chapters

- Canada
- Denmark
- Germany
- France
- Indonesia
- India
- Kenya
- South Africa
- Singapore
- Spain
- UK
- USA



Let's drive change. Together.

OUR GOAL

1 million Procurement professionals commit to the Pledge by 2030,
of whom **75%** confirm that they make more sustainable sourcing decisions because of their SPP engagement.



The Aim of the Canada SPP Chapter



Sustainable
Procurement
Pledge

Canada

| | | |
|---|-----------------------------|--|
|  | <p>INTENT</p> | <p>Our focus is on creating an informative and safe environment for members to share and learn about sustainability practices and lessons learned and explore how these practices can be adapted to their own organizations.</p> |
|  | <p>SCOPE</p> | <p>We will cover challenges and requirements across all sustainability issues, with deep dives into specific sustainability topics, with a specific focus on Canada and application to the Canadian market and regulatory context.</p> |
|  | <p>RELEVANCE</p> | <p>Our agenda and topics will be shaped by input from chapter members and sponsors, with each session concluding with a segment for member feedback and suggestions for future topics.</p> |
|  | <p>SHOWCASING</p> | <p>We plan to host events featuring companies recognized as sustainability leaders, where they can present their strategies and experiences, sharing insights and lessons from their sustainability initiatives.</p> |
|  | <p>COLLABORATION</p> | <p>Leverage the wider SPP community to share best practices and materials, plus collaborate with existing organizations working on sustainability topics in Canada, and elsewhere.</p> |
|  | <p>FUNDING</p> | <p>The SPP Canada Chapter aims to operate without external funding, seeking instead partnerships with companies that can provide facilities and hosting services.</p> |
|  | <p>VISIBILITY</p> | <p>The SPP Chapter has developed a LinkedIn page for networking and information sharing.</p> |



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What is on the Agenda?



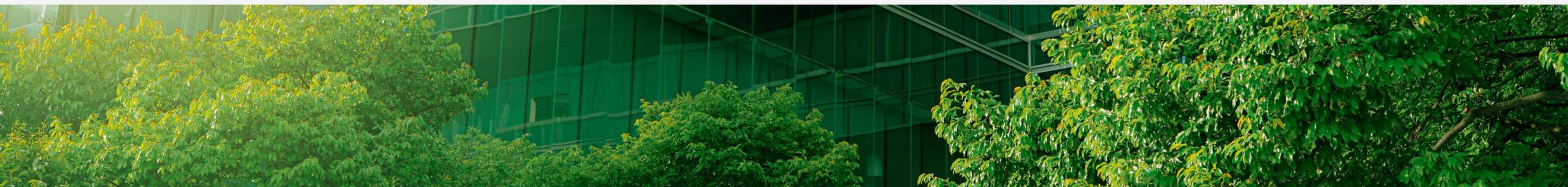
Proposed 2024 SPP Canada Chapter Events:

- How to Start Your Sustainability Journey? Best Practices, Tools and Available Resources.
- An Introduction to GHG Accounting – What is Scope 1, 2, and 3.
- Approaches and strategies for managing your Supply Chain Emissions.
- How to Engage and Reduce Scope 3.1 Emissions – Getting Your Supply Chain Onboard.
- S-211 bill - Fighting Against Forced Labour and Child Labour in Supply Chains Act.

As a peer-to-peer platform, the chapter seeks to address topics that matter most to chapter members through a blend of virtual and in-person experiences.

As we are currently finalizing the event schedule for 2024, we encourage you to share any topics of interest to you and your company.

Join us for the first SPP Canada Event on 06th June 2024!



Join the SPP Canada Chapter on LinkedIn

- <https://www.linkedin.com/groups/12971271/>

Become part of the SPP Community

- Join us via spp.earth and select the topics you want to hear about from other chapters & activities

Contact Us for Any Questions



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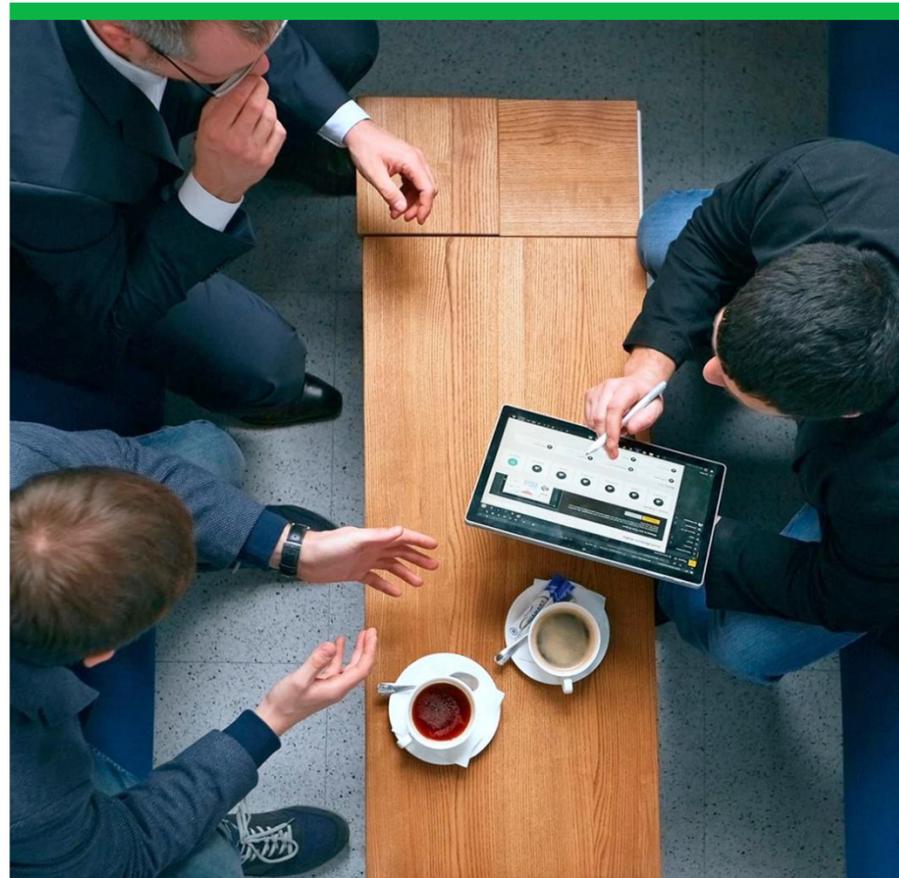
Why All Organizations Need To Take Sustainability Seriously

Why is sustainability important for your business?

Society



Maintenance of business



Financial performance



THE DRIVER FOR BUSINESS – SOCIETY



COP28 UAE



The science shows clearly that in order to avert the worst impacts of climate change and preserve a livable planet, global temperature increase needs to be limited to 1.5°C above pre-industrial levels. Currently, the Earth is already about 1.1°C warmer than it was in the late 1800s, and emissions continue to rise. To keep global warming to no more than 1.5°C – as called for in the [Paris Agreement](#) – **emissions need to be reduced by 45% by 2030 and reach net zero by 2050**” (un.org, 2022).

Highlights

Current plans won't realize 1.5°C increase by the end of the century

Top 20 countries account for 80% of the emissions yet the **smallest and poorest countries are hit with the greatest impact**

Need to reduce emissions 43% compared to 2019 levels

Loss and Damage Fund for vulnerable countries.
Commitment to deliver \$700 million

2023 Hottest Year on Record. Ocean temperatures exceeded monthly records

Only 29 out of 193 countries submitting tightened national plans since cop 26

2030 is around the corner – 1% of the decade is lost every 5 weeks!

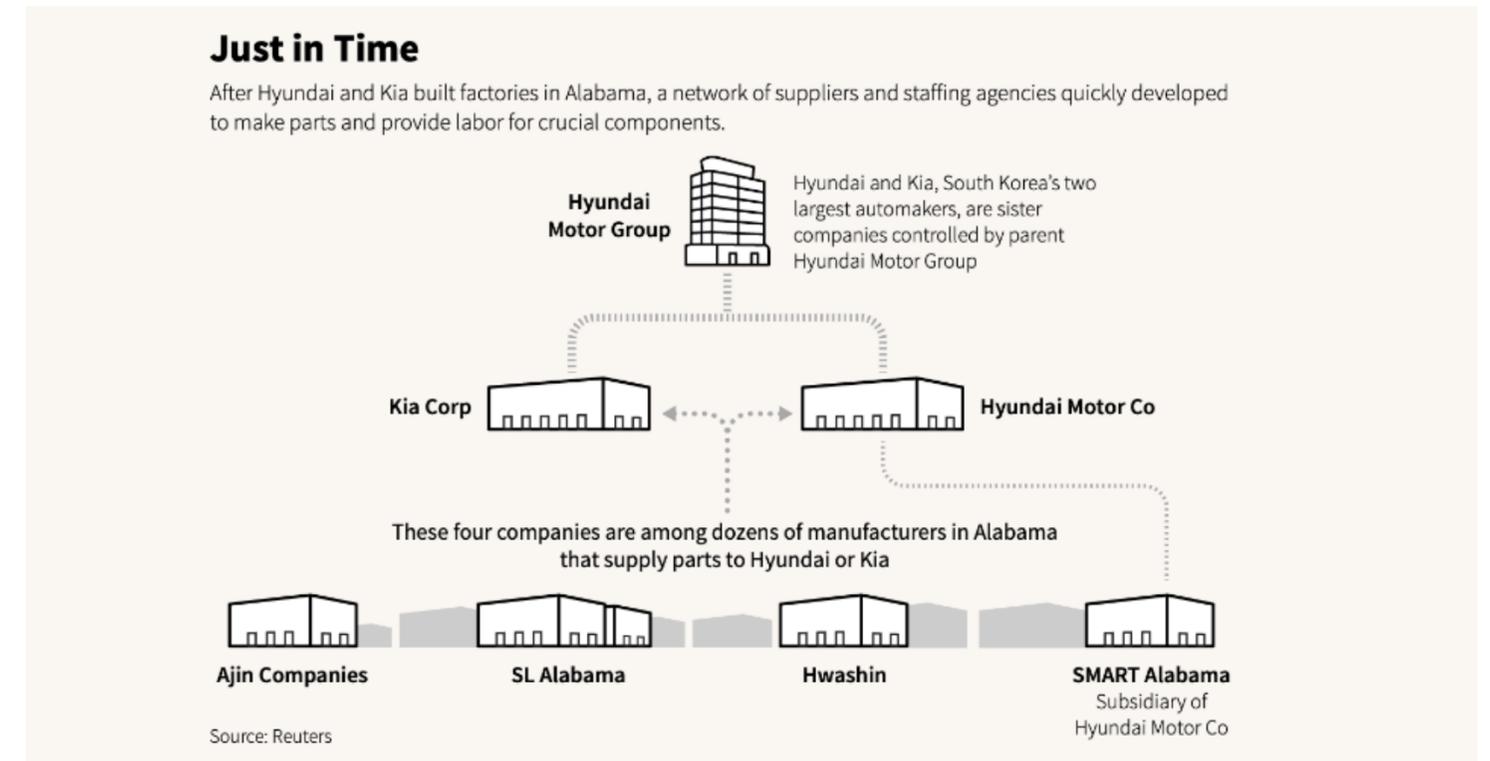
The challenge falls on Businesses not countries!

THE DRIVER FOR BUSINESS – SOCIETY

A lack of transparency in the supply chain can enable exploitation/subjugation/slavery.

This is not just a reality in developing countries.

This impacts us here in North America



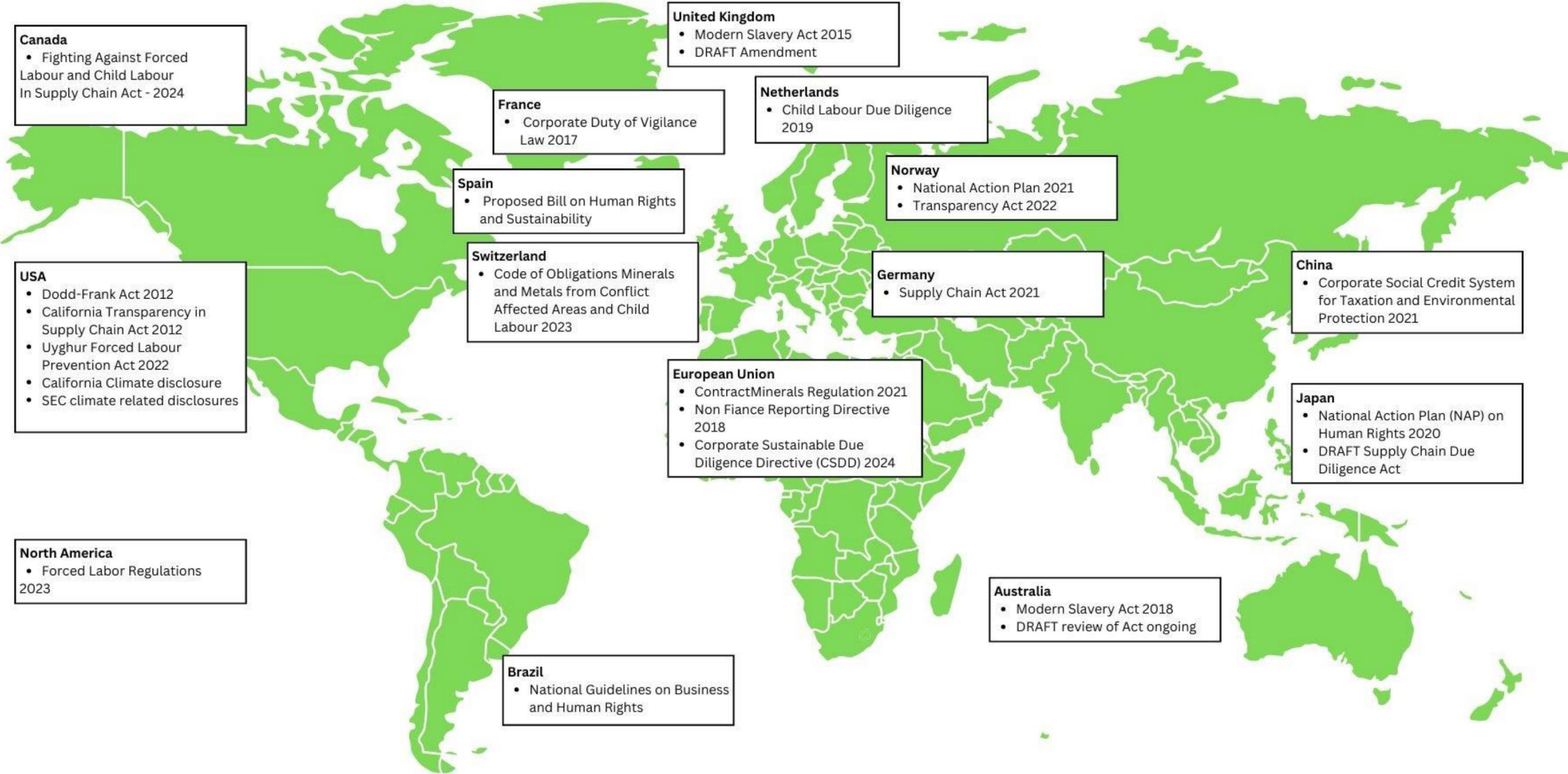
USA – Alabama – 2022

- 4 suppliers to Hyundai / Kia found employing children
- As young as 12 years old
- Hyundai being sued by the US Department of Labor

Canada – Ontario (Wasaga / Barrie) 2019

- 60 migrant workers from Mexico caught in labor exploitation
- 4 people arrested for human trafficking

THE DRIVER FOR BUSINESS – PRESSURE TO MAINTAIN BUSINESS - LEGISLATION



THE DRIVER FOR BUSINESS – FINANCIAL PERFORMANCE

“Rising CO2 tax is a growing concern. Decarbonizing scope 1 & 2 is our biggest challenge”

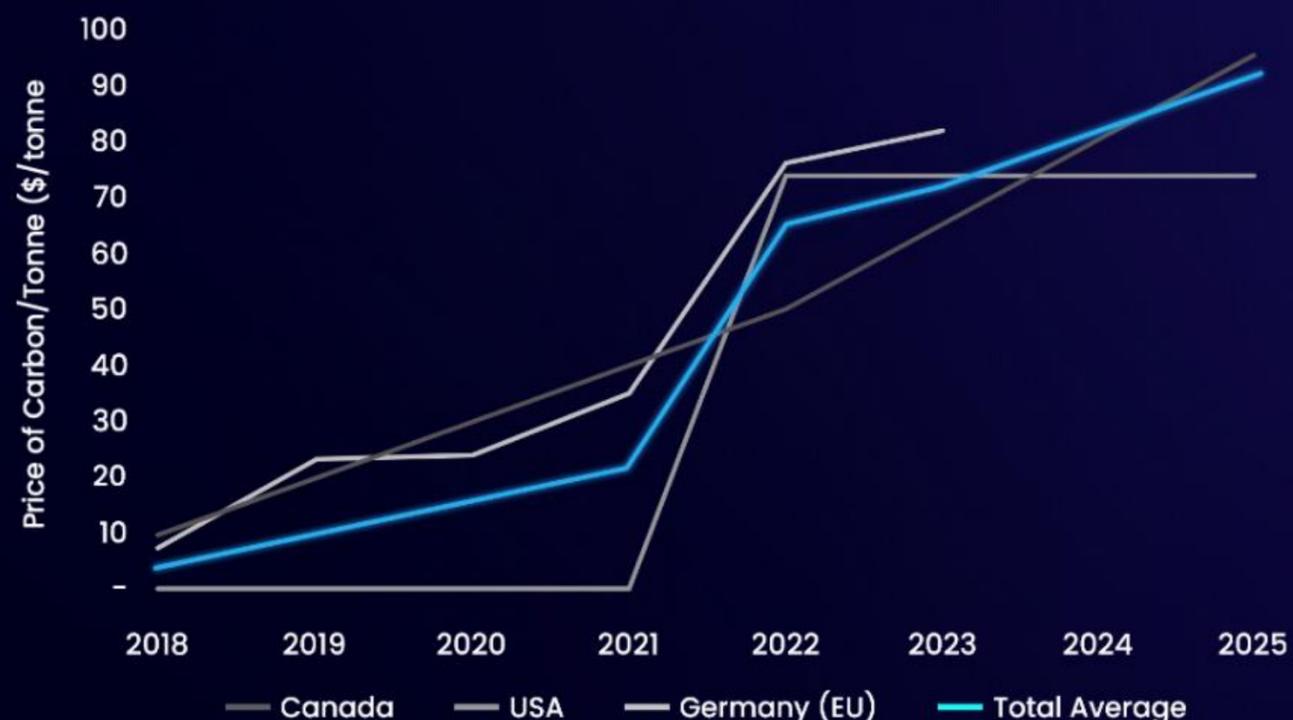
- Canadian Oil Sands Producer

“We’re seeing taxes growing towards 30% of OPEX”

- Belgian Petrochemical Company

| Country | Legislation | Penalties for Non-Compliance |
|-----------|---|--|
| USA | Slavery Act | Fines up to \$500,000, potential civil lawsuits |
| UK | Modern Slavery (Amendment) Bill | Fines up to £10 million, potential civil lawsuits |
| Australia | Modern Slavery Act Review and Proposed Amendments | Fines up to AUD 1.1 million, potential civil lawsuits |
| Japan | Supply Chain Due Diligence Act | Fines up to ¥100 million, potential civil lawsuits |
| Germany | Supply Chain Act | Fines up to €8 million or 2% of annual global turnover |
| France | Corporate Duty of Vigilance Law | Fines up to €10 million, potential civil lawsuits |
| Canada | Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill S-211) | Fines up to CAD 250,000, potential civil lawsuits |

Financial Burden of Carbon



Sources:

- [1] USA uses production credit rather than carbon tax
- [2] USA cost based on emissions of a natural gas generator
- [3] Germany used as EU proxy since others use cap-and-trade

The cost of not responding to the shift in sustainability will impact your company's financial performance

- **Cost of doing business**
- **Risk of fines due to legislation**
- **Reduction in sales both B2B and B2C**



Sustainable
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Pledge

Sustainable Procurement Tools

July 2024



Sustainability
Advantage

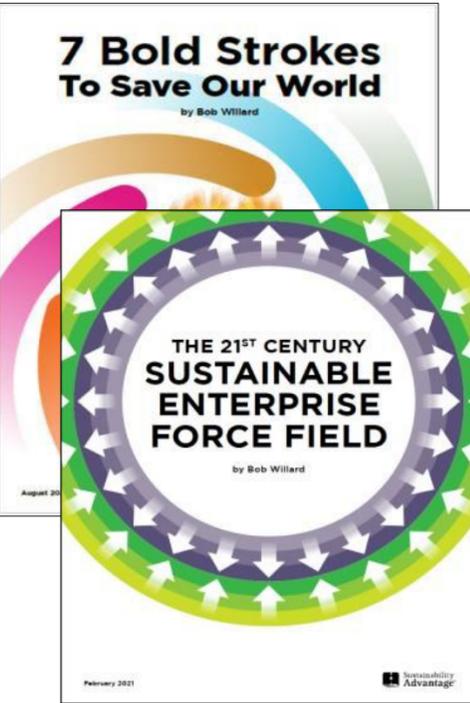
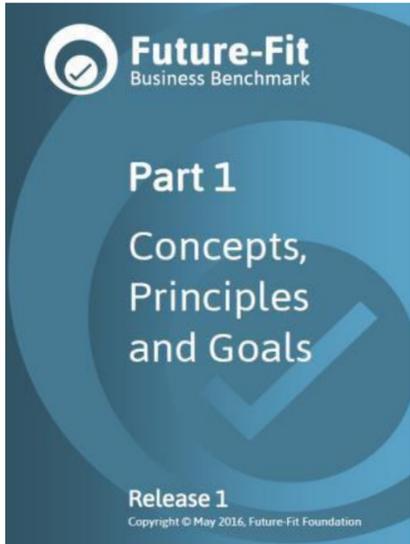
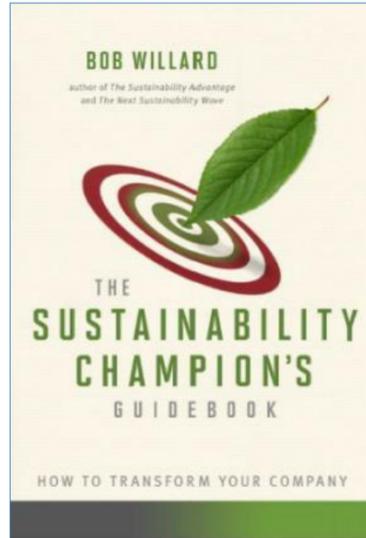
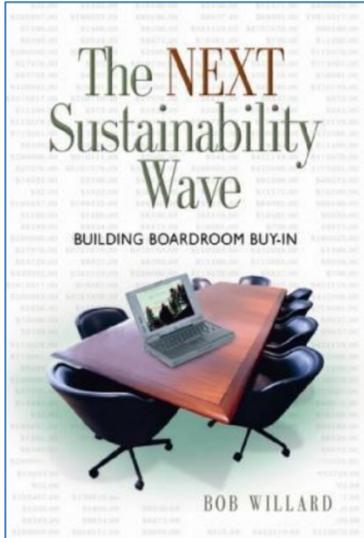
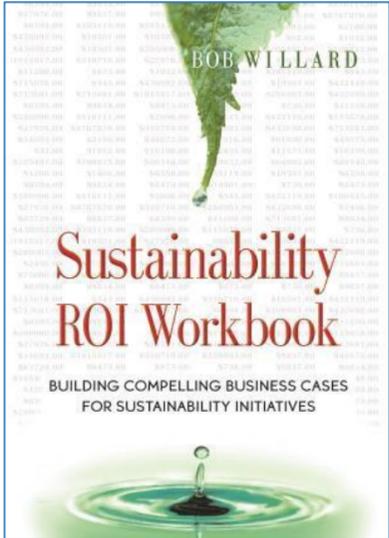
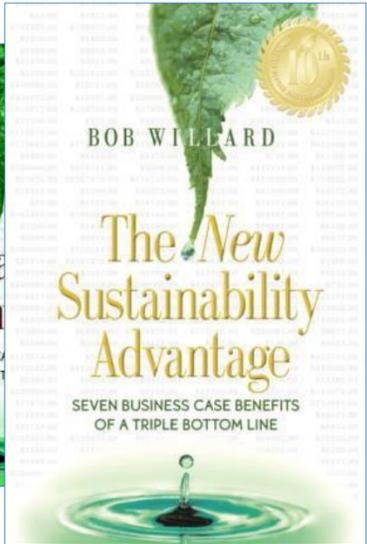
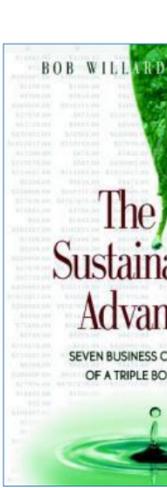
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Agenda

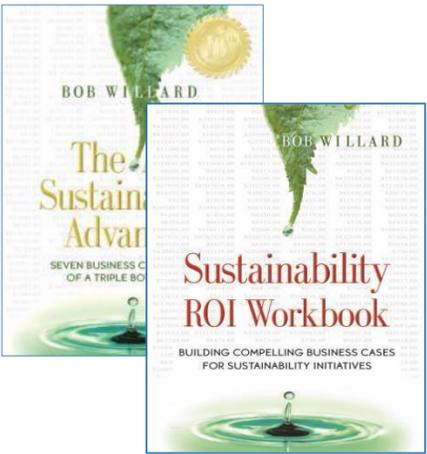
- Context
- Net-Zero Procurement Toolkit
- Sustainable Procurement Toolkit
- The Master Plan



Resources



Sustainability Assessment Tools



Sustainability Business Case Tools

Sustainable Procurement Toolkits

Master Slide Decks

Sustainable / Net-Zero Procurement Efforts

- On the board of the **Sustainable Purchasing Leadership Council (SPLC)**
- Ambassador for the **Sustainable Procurement Pledge**
- Community Champion for **Buy Social Canada**
- Served on **PSPC Low Carbon Procurement Advisory Committee**
- Advisor to the **Mission from MaRS – Public Procurement Mission**
- Co-developed the **SPLC Navigator SP assessment**
- Created **Sustainable and Net–Zero Procurement Toolkits**
- Subcontractor on **OCPMA SP implementation project**
- Subcontractor on **SCMAO Certification SP updates project**
- Serve on **CBSR’s SP Fellowship core faculty**
- Teach a 4-webinar **ISSP course on Sustainable Procurement**
- First to reach the highest **Diamond tier of Canada’s Net-Zero Challenge**
- **Clean50 2024 Lifetime Achievement** award for ESG and SP efforts



Nested Interdependencies



Nested Interdependencies



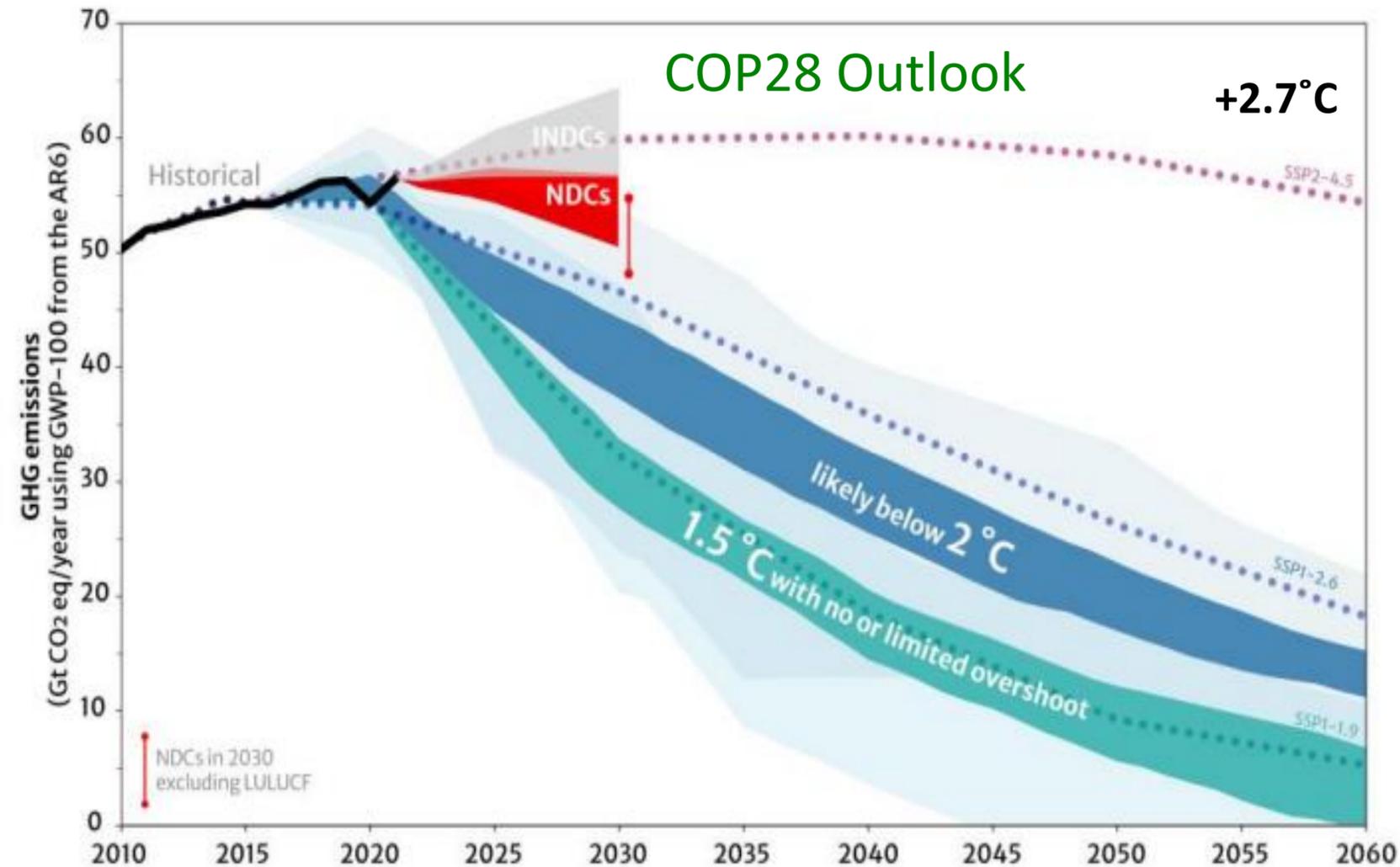
Society and Business are wholly-owned subsidiaries
of the Environment

Polycrises



- Climate crisis
- Water crisis
- Food crisis
- Biodiversity loss crisis
- Pandemics
- Natural resource depletion
- Industrial pollution
- Social injustices
- Wealth inequities

The Climate Crisis



- Governments' COP pledges / NDCs are insufficient and unfulfilled.
- Most businesses are sitting on the sidelines waiting for governments to fix climate change.
- Unless businesses set and meet science-based net-zero targets, the climate cannot be stabilized.
- **Less than 3%** of buyers require suppliers to *disclose climate related data*

The Solution: Use the *buying power* of governments / companies / organizations as a *market force* to mobilize businesses in the race to net-zero.

“Nationally determined contributions under the Paris Agreement,” UN FCCC, November 2023.

“CDP Global Supply Chain Report 2022,” CDP, March 2023.

Agenda

- ✓ Context
- Net-Zero Procurement Toolkit
- Sustainable Procurement Toolkit
- The Master Plan

Net-Zero Procurement (NZP): Definition



“Obtaining *best value* for money by purchasing...
...the most low-carbon & circular *goods and services*...
...from *suppliers* who are most committed to science-based net-zero GHG reduction targets & to circularity, ...
...in support of the buyer’s *purpose, policies, and strategic goals.*”

Net-Zero Procurement *makes GHG reductions & circularity matter* to suppliers, because the scores on *supplier* commitment to science-based net-zero targets & to circularity are *significantly weighted (10%-30% of the points)* in their customers’ bid appraisals.



“Sustainable Procurement”

“Green Procurement”

- **“Net-Zero Procurement”**
- **“Circular Procurement”**

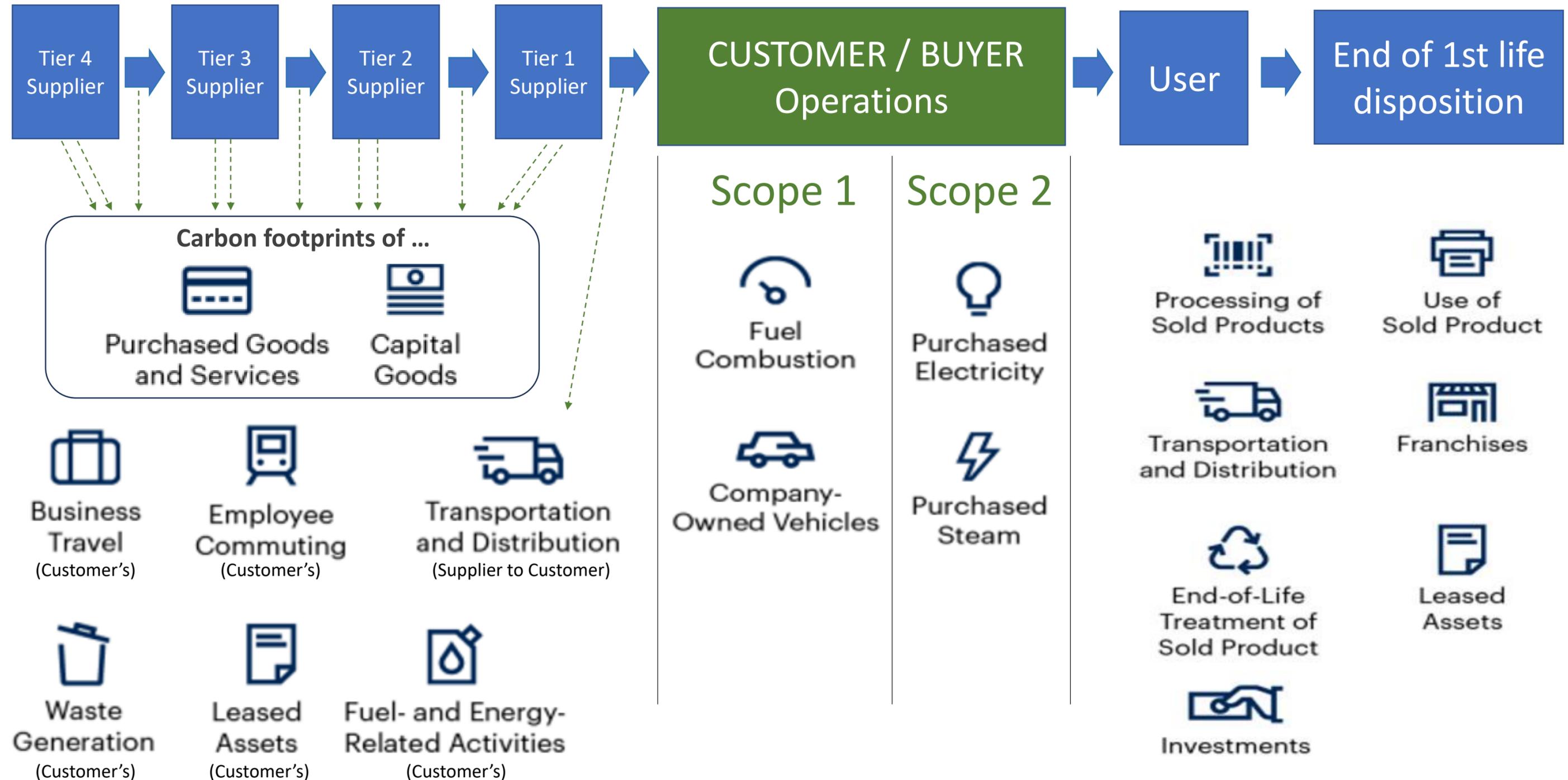
“Social Procurement”



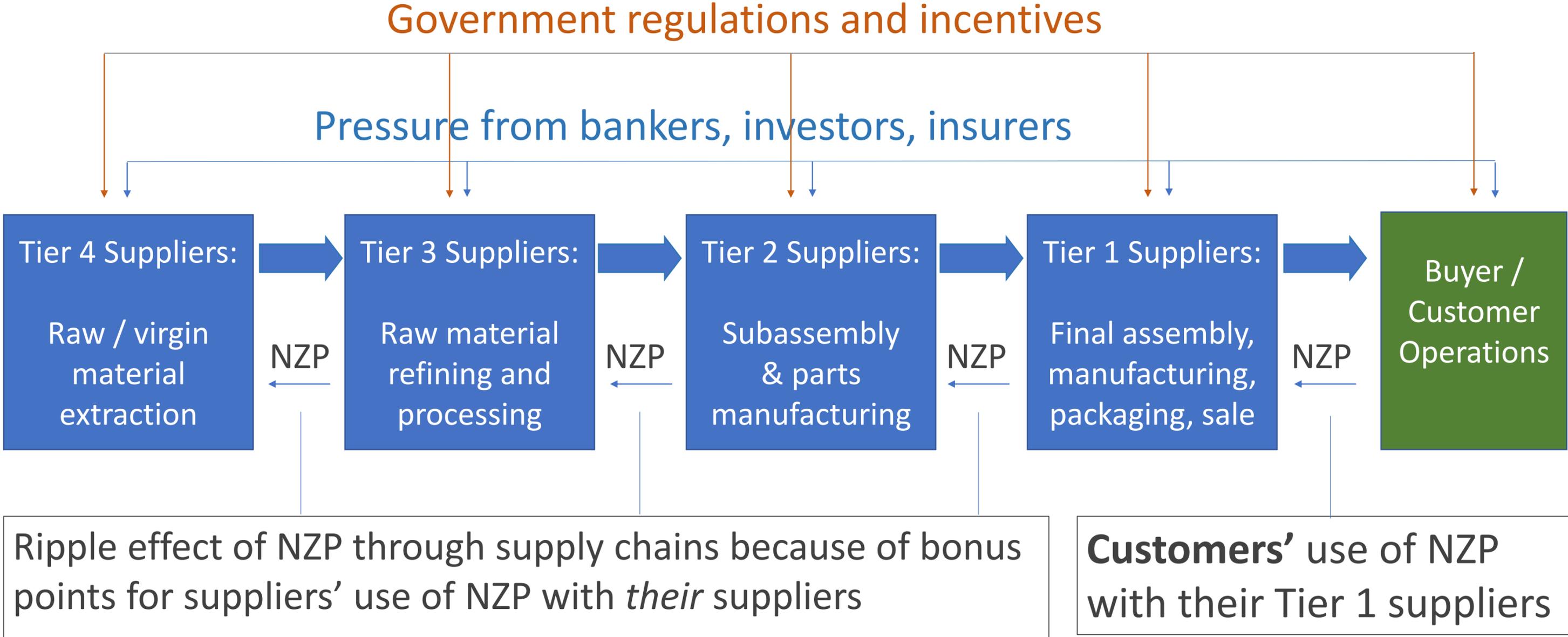
Suppliers Contribute to Customer GHGs

Supply Chain / Upstream Scope 3

Downstream Scope 3



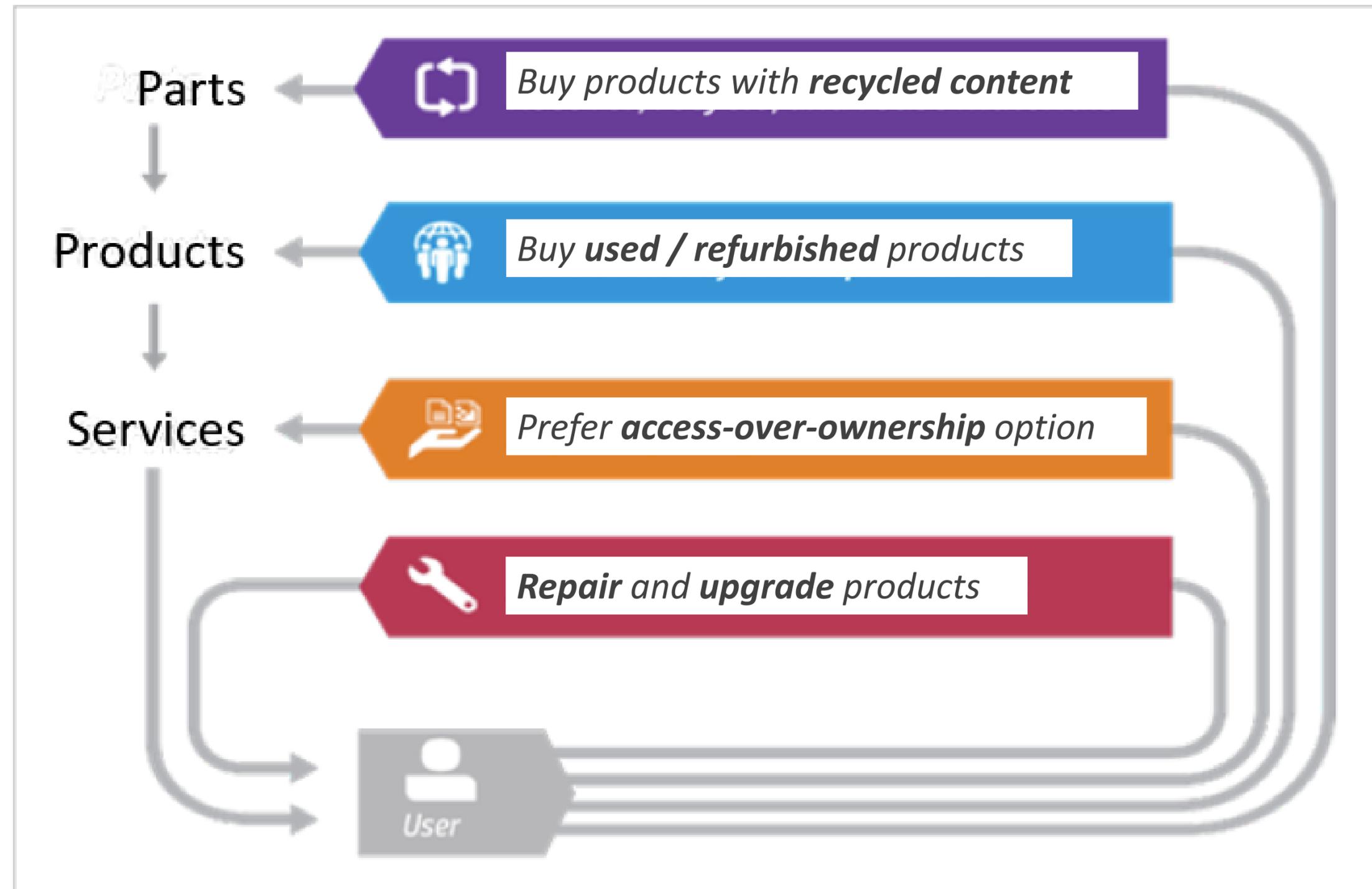
Drivers of GHG Reductions



Circular Economy → Lower GHG emissions

*Avoids resource extraction and production of new goods, which are responsible for **45%** of global GHG emissions.*

*Repairing and refurbishing products can cut global GHG emissions by **39%***



Net-Zero Procurement (NZIP) Toolkit

These **add-ons** expedite the integration of NZP into any procurement process.

- ***Bid Appraisal Template***

*Makes GHG reductions and circular design **matter** by heavily weighting ...
... the **supplier** score on commitment to net-zero targets & circularity, and ...
... the **product** score on low-carbon & circularity specifications.*

- ***Supplier Net-Zero Ambition Assessment Tool (NZAAT)***

Scores suppliers' commitment to net-zero targets & circular design.

- ***Sample Product Specifications***

Sample criteria for low-carbon & circularity attributes of products.

- ***Sample Ts & Cs***

Ensure winning suppliers' net-zero plans and targets are met.

+ The Toolkit also includes a ***Total Cost of Ownership (TCO)*** calculator for use, if appropriate.



NZP Bid Appraisal Template

Weighting makes low-carbon and circularity attributes matter

| % Weight (% of Points) | NZP Bid Appraisal Criteria | Score (0-100%) | Weighted Score |
|---------------------------|--|-------------------|-------------------|
| 10-30% | <i>Supplier score on net-zero & circularity ambition</i> | Score | Weighted score |
| 10-30% | <i>Product score on low-carbon & circularity specs</i> | Score | Weighted score |
| X% | Score on other product <i>quality and performance</i> specs | Score | Weighted score |
| Y% | Score on other supplier -related attributes e.g., location, size, social enterprise, ownership diversity, track record | Score | Weighted score |
| Z% | Price / Total Cost of Ownership (TCO) | Score | Weighted score |
| 100% | <i>Best value for money</i> is the supplier's bid with the highest total weighted score | | Total |

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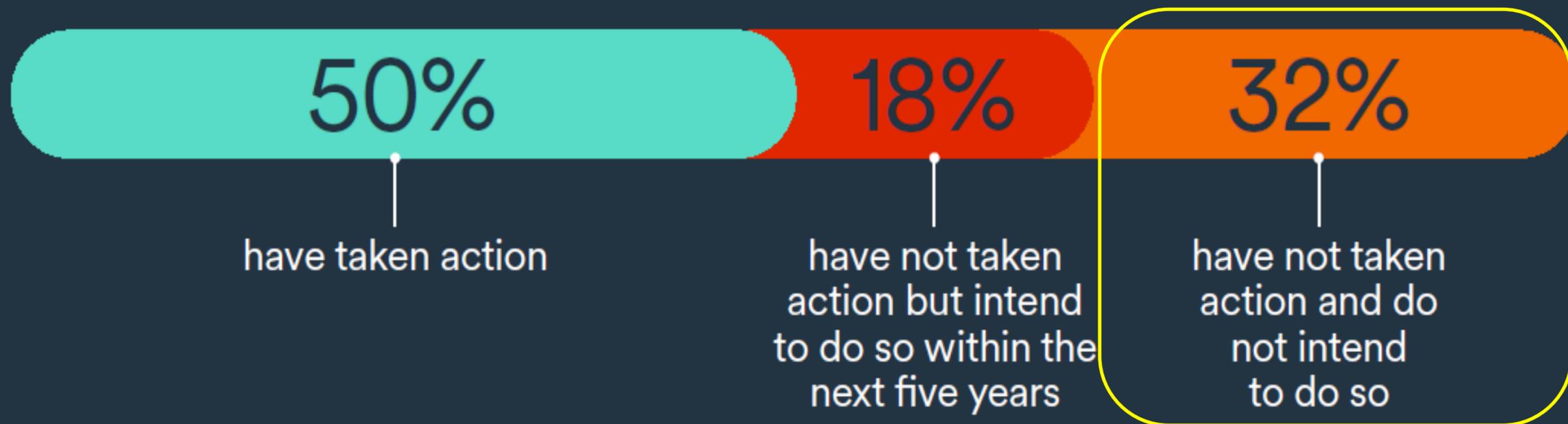


Need to Engage SMEs in the Race to Net-Zero ...

In 2020, we estimate that SMEs were responsible for:

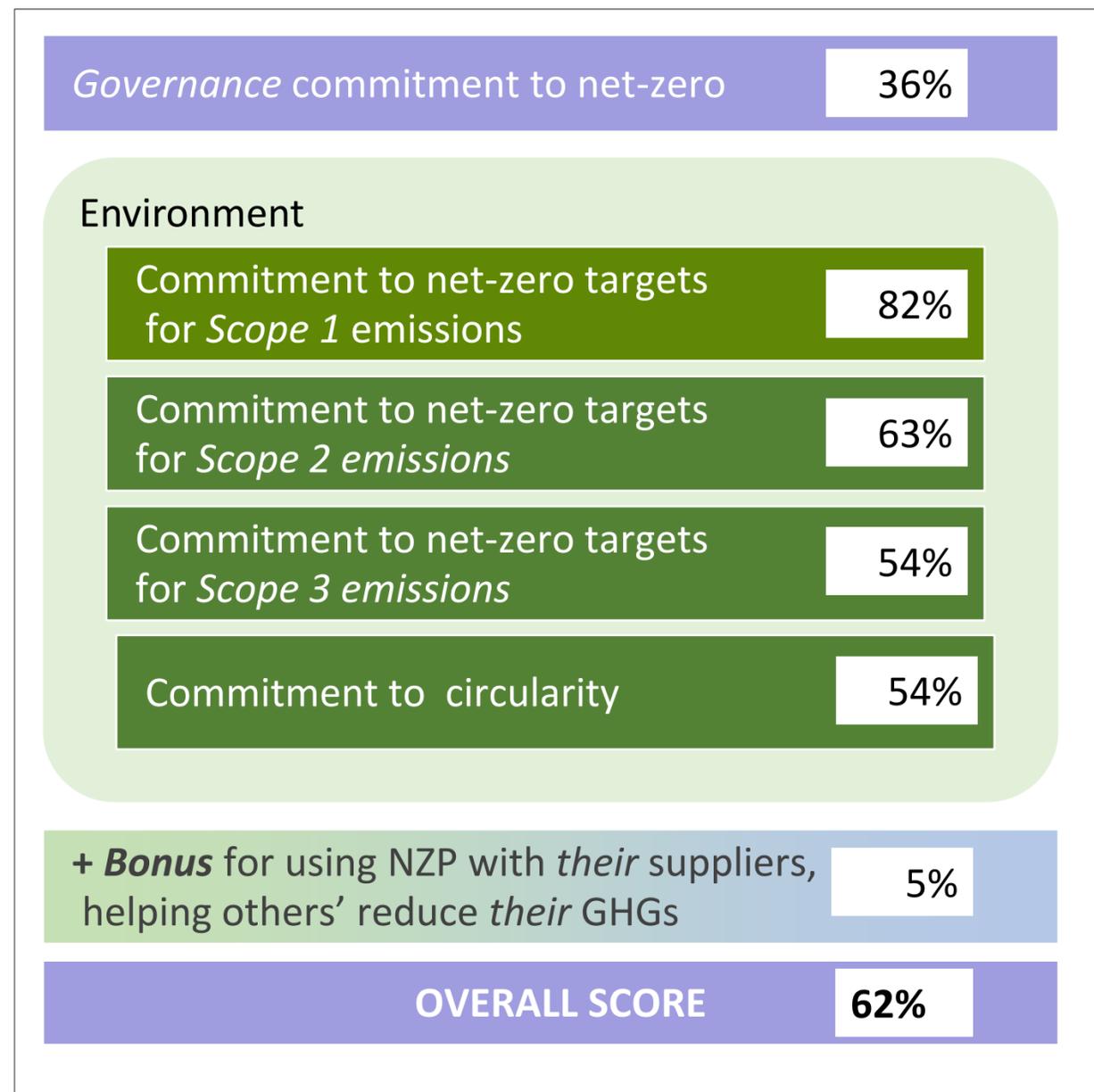
- 52% of all GHG emissions by Canadian businesses; and
- 41% of all Canadian GHG emissions.

SME actions to reduce their emissions



Net-Zero Ambition Assessment Tool (NZAAT)

In an NZP system, **all** suppliers **voluntarily disclose** their commitment to science-based net-zero targets & circularity.



- If a supplier chooses not to disclose, they simply **score zero** and will not earn any of the points allotted to supplier commitment to net-zero.
- The scores become part of the **supplier's profile** and can be updated at any time.
- Includes an **Action Worksheet** with over 30 ways to reduce GHGs

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Sample NZP Product Specs



Based on “Circular Procurement: Strategies for Circular Criteria,” Circular Innovation Council (CIC), September 2023.

| Specifications / Criteria / Eco-labels | Score |
|--|-------|
| Product-as-a-Service (PaaS) or lease options | --%-- |
| Supplier-refurbished product option | --%-- |
| Take-back / trade-in / extended warranty options | --%-- |
| Designed for repair, upgrades, refurbishment | --%-- |
| Designed for disassembly and reuse of parts | --%-- |
| % recycled, renewable, biodegradable materials | --%-- |
| Traceability / chain of custody certifications | --%-- |
| Harmful / toxic materials & chemicals | --%-- |
| % recycled, biodegradable materials in packaging | --%-- |
| % reuse & takeback of packaging | --%-- |
| Carbon footprint of the product | --%-- |
| GHGs from shipping / delivery | --%-- |
| GHGs emitted during use, repair, EOL disposition | --%-- |
| Energy efficiency ecolabel | --%-- |
| Design for accessibility, data security, privacy (Other ...) | --%-- |

Net-Zero Procurement (NZIP) Toolkit

These **add-ons** expedite the integration of NZP into any procurement process.

- ***Bid Appraisal Template***

Makes GHG reductions and circular design **matter** by **heavily weighting** ...
... the **supplier** score on commitment to net-zero targets & circularity, and ...
... the **product** score on low-carbon & circularity specifications.

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- ***Sample Product Specifications***

Sample criteria for low-carbon & circularity attributes of products.

- ***Sample Ts & Cs***

Ensure winning suppliers' net-zero plans and targets are met.

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NZP Sample Ts & Cs

Contract terms and conditions that help ensure winning suppliers will meet their net-zero targets. For example ...

- *Financial penalties / bonuses* re completion of the supplier's short-term net-zero action & circularity planned actions.
- *Preferential payment terms* or financing rates based on carbon reduction targets and progress toward circular design.
- *Verification* of supplier score on the NZAAT questionnaire by qualified 3rd party. Contract termination if verified score is >10% lower.
- Suppliers must *publicly communicate* their net-zero & circularity scores, commitments, plans, and progress.
- Requirement that supplier require their *CEO's compensation* be linked to meeting their short-term circularity and net-zero targets.
(In 2023, 61% of incentive plans had environmental / emission reduction measures)
- *Contract termination* if specified net-zero & circularity targets are not met.

Net-Zero Procurement (NZIP) Toolkit

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- ✓ ***Bid Appraisal Template***

*Makes GHG reductions and circular design **matter** by heavily weighting ...
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... the **product** score on low-carbon & circularity specifications.*

- ✓ ***Supplier Net-Zero Ambition Assessment Tool (NZAAT)***

Scores suppliers' commitment to net-zero targets & circular design.

- ✓ ***Sample Product Specifications***

Sample criteria for low-carbon & circularity attributes of products.

- ✓ ***Sample Ts & Cs***

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Agenda

- ✓ Context
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Sustainable Procurement (SP): Definition



“Obtaining *best value* for money by purchasing...

...the **most sustainable goods & services**...

...from the **most sustainable suppliers**...

...in support of the buyer’s *purpose, policies, and strategic goals.*”



Sustainable Procurement *makes sustainability matter* to suppliers, because the **scores on supplier sustainability are significantly weighted (10%-30% of the points)** in their customers’ bid appraisals.

NZP Toolkit is a Subset of the SP Toolkit

Net-Zero Procurement (NZP) Toolkit

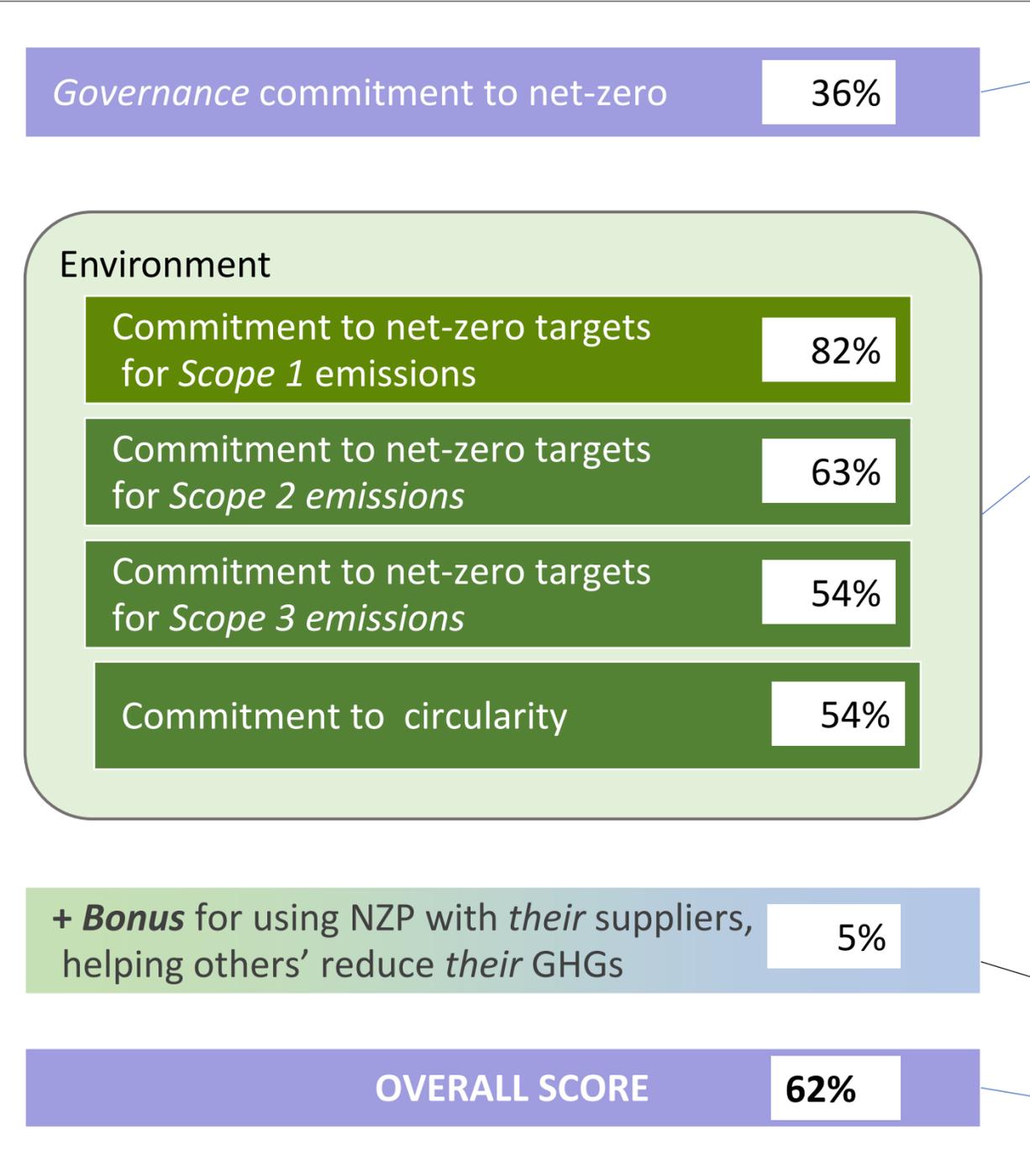
- ***Bid Appraisal Template***
Heavily weights **suppliers'** score on commitment to net-zero targets, and the **product** score on low-carbon specs.
- ***Net-Zero Ambition Assessment Tool (NZAAT)***
Scores suppliers' commitment to net-zero targets and circularity.
- ***Sample Product Specs***
Sample criteria for low-carbon & circularity attributes of products.
- ***Sample Ts & Cs***
Ensure winning suppliers' net-zero plans and targets are met.

Sustainable Procurement (SP) Toolkit

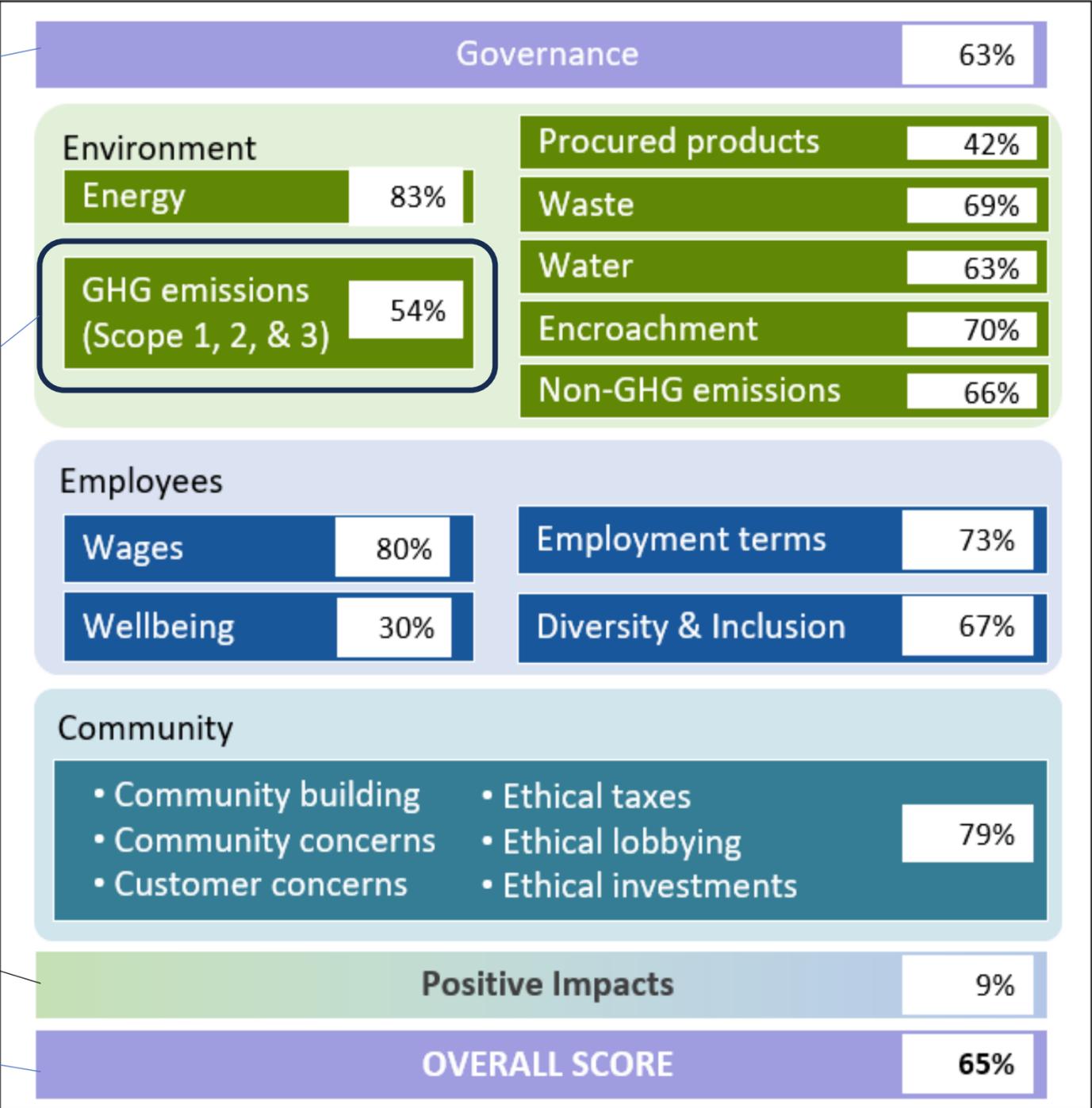
- ***Bid Appraisal Template***
Heavily weights **suppliers'** score on all sustainability impacts, and the **product** score on sustainability specs.
- ***Basic Sustainability Assessment Tool (BSAT)***
Scores suppliers' all sustainability impacts and plans.
- ***Sample Product Specs***
Sample criteria for sustainability attributes of products.
- ***Sample Ts & Cs***
Ensure winning suppliers' sustainability plans and targets are met.

NZAAT Is a Subset of BSAT

Net-Zero Ambition Assessment Tool (NZAAT)



Basic Sustainability Assessment Tool (BSAT)



Agenda

- ✓ Context
- ✓ Net-Zero Procurement Toolkit
- ✓ Sustainable Procurement Toolkit
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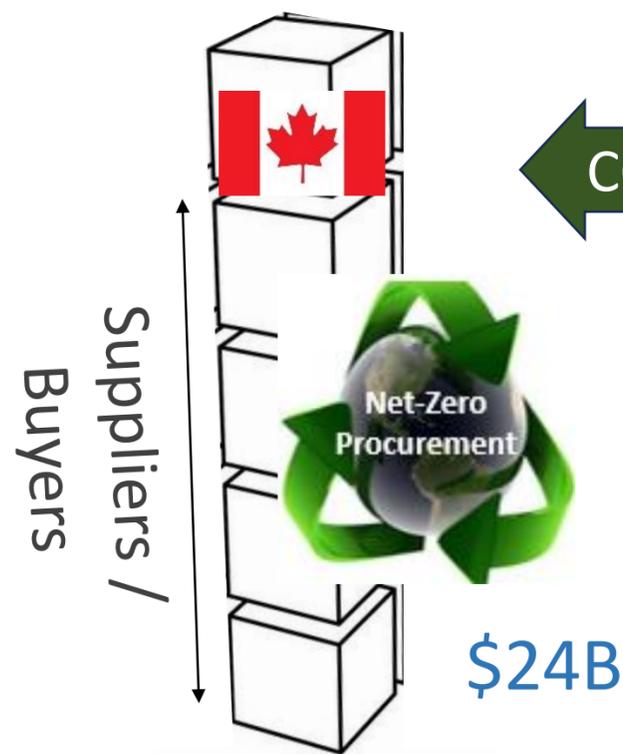
Pilot NZP Toolkit With SME Suppliers

- **Signal:** Assess 5-10 suppliers on their net-zero & circularity ambition
 - Send participating SME suppliers an explanation of the What and Why of using Net-Zero Procurement, and How the scores will be used
 - Invite them to complete a tailored version of the **Net-Zero Ambition Assessment Tool (NZAAT)** to score their net-zero and circularity ambitions.
 - Suppliers' scores become *part of suppliers' profiles* in the Supplier Database. Suppliers can update their answers / scores at any time, including at RFX time.
- **Weight:** At RFX time for 2-3 tenders
 - In the Bid Appraisal Template, specify **heavy weight (10%-30% of the points)** for *supplier scores on NZAAT*.
 - **Ts & Cs in the contract** require verification, penalties and incentives to meet commitments and plans.



Ubiquitous Net-Zero Procurement (NZP)

NZP used by the Canadian Government



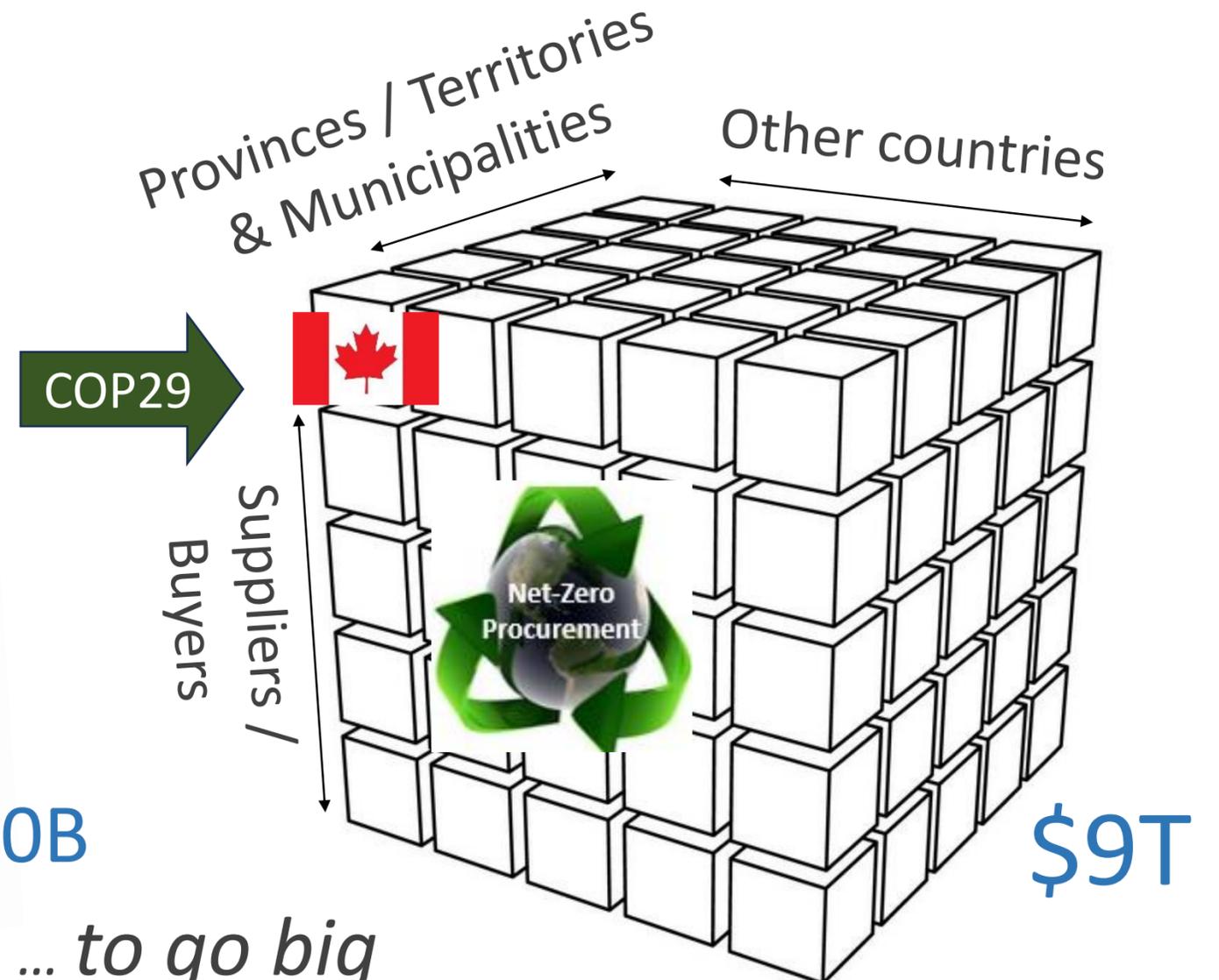
Start small ...

NZP used by all levels of government in Canada



... to go big

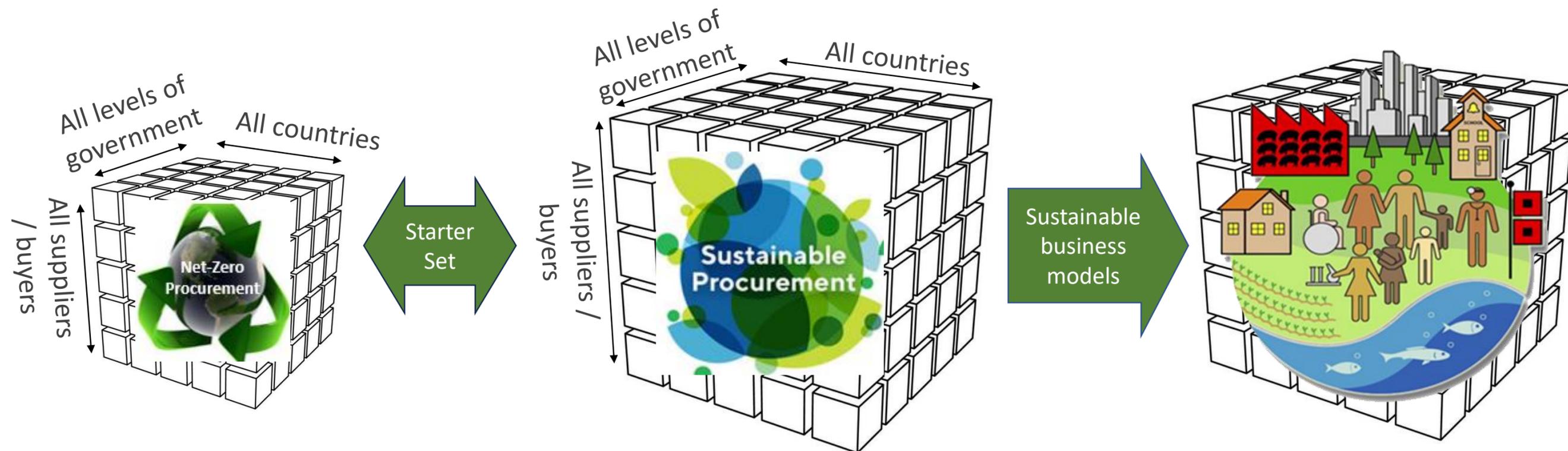
NZP used by all sectors, worldwide



Procure the World We Want

Expand **NZP foundational starter sets** to transition to **Sustainable Procurement (SP)** systems that make *all* product and supplier social and environmental attributes matter.

Institutionalize a decarbonized, circular, and inclusive economy, supported by a regenerative environment.



Align procurement systems to create a global market force that drives the transition to the world we want, in time.

Agenda

- ✓ Context
- ✓ Net-Zero Procurement Toolkit
- ✓ Sustainable Procurement Toolkit
- ✓ The Master Plan

Resources



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About

Assessments

Business Cases

Sustainable Procurement

Leadership

Master Slide Decks

Talks

Blogs

- Sustainable Procurement Toolkit
- Net-Zero Procurement Toolkit

- Basic Sustainability Assessment Tool (BSAT)
- Net-Zero Ambition Assessment Tool (NZAAT)



<https://sustainabilityadvantage.com/>



Sustainable
Procurement
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Sustainable Procurement Tools

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