



Sustainable Procurement Strategy



Introduction

The idea of value-added purchasing is growing as corporations, governments and other public institutions recognize the power they have to leverage existing spending to create positive impact in their communities. Given the purchasing power of public bodies, sustainable procurement provides the potential to use purchasing to help drive the availability and use of environmentally responsible products and services, support the achievement of social goals, and enhance local economic benefits.

The **Sustainable Procurement Strategy** has been developed to provide direction and guidance to departments and large public bodies to enhance sustainable procurement practices.

The **Sustainable Procurement Strategy** is about taking a broader view of best value in procurement. Public procurement activities are increasingly recognized as a key policy lever for governments to contribute to the accomplishment of broader goals. This framework seeks to provide tools for relevant public bodies to contribute to the achievement of these goals, thereby enhancing a best value approach to procurement.

The strategy consists of two components: (1) the **Sustainable Procurement Policy** that provides direction to relevant public bodies with respect to requirements for the purchase of commodities, and (2) an **Implementation and Action Plan** that will lay the foundation for further strengthening and supporting public bodies' ability to include sustainability considerations in their procurement practices, as well as local suppliers' ability to respond to these new opportunities.

The province's new sustainable purchasing approach is about making better choices and seeking opportunities to improve sustainability impacts. While the strategy and policy only apply to core government departments and large public bodies, other public bodies are able and encouraged to adopt any aspects of this approach in their own procurement activities.



What is Sustainable Procurement?

Sustainable procurement is about using our existing purchasing power to positively influence social, environmental, or economic goals that help shape inclusive, vibrant, and healthy communities.

“Sustainable procurement embeds relevant sustainability considerations into processes for selecting goods and services, alongside traditional considerations like price, quality, service, and technical specifications.”

CANADIAN COLLABORATION FOR SUSTAINABLE PROCUREMENT

Implementing sustainable procurement practices influences positive outcomes in two primary ways: (1) it helps support local, social, and environmental goals through procurement expenditures; and (2) encourages suppliers to undertake their own sustainability measures to remain competitive in that regard.

Sustainable procurement is not about changing the province’s fundamental approach to purchasing, and it is not about buying “green” at any cost. Rather, it is about adopting a sustainability mindset and integrating reasonable and relevant sustainability considerations into existing processes, to complement and optimize what is already being done.

Not all possible sustainability aspects will be relevant to every purchase, and it will not be possible to choose the most sustainable option every single time. Success is consistently considering relevant sustainability factors, so that we are making more sustainable choices more often.



POLICY

The Government of Newfoundland and Labrador is committed to continuously improving the social, environmental, and economic impacts of its procurement activities.

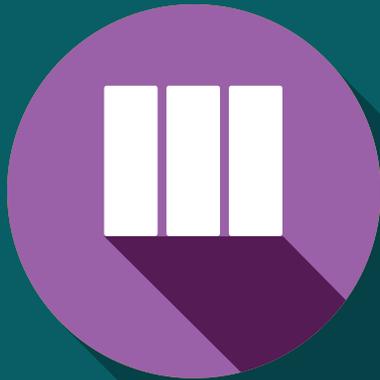
Under the Sustainable Procurement Policy, departments and large public bodies are required to consider and incorporate sustainability measures in the procurement of commodities where practicable and where they comply with trade agreement obligations.

In undertaking sustainable procurement activity, departments and relevant public bodies will still need to ensure and demonstrate, in accordance with the Public Procurement Framework, that they are obtaining best value and that the cost for commodities is fair and reasonable, and that the procurement approach is consistent with the province's trade agreement obligations. All measures relating to transparency and accountability must still be adhered to in sustainable procurement.

Application

Ensuring meaningful impact will require implementation by those with the greatest buying power. Government's **Sustainable Procurement Policy** therefore applies to core government departments and large public bodies, specifically: Newfoundland and Labrador Health Services; Memorial University; College of the North Atlantic; Newfoundland and Labrador Hydro; Newfoundland and Labrador Housing Corporation; Multi-Materials Stewardship Board; and Newfoundland and Labrador Liquor Corporation.

The policy encourages officials to think about their procurement needs from the perspective of how the province achieves best value in the purchase of commodities with a sustainability value-add, and then provides the flexibility for departments and relevant public bodies to consider those sustainability measures that align with their mandates. It is in this way that departmental and public body mandates are further supported through purchasing activity.



Three Pillars of Sustainable Procurement

Government's **Sustainable Procurement Strategy** is defined and guided by three pillars: (1) Social; (2) Local Economic, and; (3) Environmental. The three pillars of sustainable procurement describe the broad policy areas that are encompassed by the sustainable procurement policy along with potential approaches. Each pillar is described below.

It is important to note that while each of these pillars is described separately, there may be overlap between them. For example, local purchasing helps support the local economy, but may also have a positive environmental impact due to reduced transportation requirements. Similarly, while supporting community social enterprise organizations has a positive impact on relevant stakeholder groups, it also supports the local economy.

SOCIAL

The Canadian Collaboration for Sustainable Procurement describes social procurement as purchasing that “fosters diversity and inclusivity by creating economic opportunities for equity-seeking groups and other target populations. This includes purchasing from suppliers that offer social value, such as nonprofits, social enterprises, and diverse suppliers, and mandating suppliers to deliver social value as a condition of the contract.”

“Every purchase has an economic, environmental and social impact, whether intended or not. Social procurement is about capturing those impacts and seeking to make intentional positive contributions to both the local economy and the overall vibrancy of the community.”

DAVID LEPAGE
BUY SOCIAL CANADA



Supporting social procurement opportunities is consistent with the **Public Procurement Act** where it requires that public bodies “value diversity in procurement”. It also supports objectives under the province’s **Social Enterprise Action Plan**.

There are a number of ways departments may introduce social procurement measures into their procurement activities. Examples include, but are not limited to:

- For very low dollar value purchases, using purchase cards (p-cards) to buy directly from social enterprises or diverse suppliers.
- For low dollar value purchases, seeking quotes directly from under-represented businesses such as women-owned, gender-diverse, Indigenous-owned, and businesses owned by newcomers and ethnically diverse individuals.
- For large procurements, including additional points for under-represented/diverse businesses or social enterprises as part of the evaluation matrix.
- Including social value considerations as part of the evaluation matrix, such as training and hiring at-risk youth, persons with disabilities, Indigenous persons, and women and individuals who are gender diverse in under-represented occupations.
- Incorporating the use of benefits agreements, such as encouraging the use of apprentices, into requests for proposals.

Used in this way, the social procurement provisions of the **Sustainable Procurement Strategy** enable departments and public bodies to facilitate opportunities to achieve positive social impacts through their purchasing activities.



LOCAL ECONOMIC

Local economic procurement refers to the purchase of goods, services, and construction services from suppliers in our province. The goal of utilizing provincial suppliers where possible is to leverage government spending on goods and services that support local businesses, local employment, and associated economic spin-off benefits. A strategic approach to local procurement provides support for provincial suppliers within a competitive environment while maintaining the province's obligations under trade agreements.

To better support provincial suppliers, government recently introduced a **Newfoundland and Labrador First Procurement Strategy**. This strategy includes a number of actions to better support local suppliers and enhance their ability to successfully compete on competitive procurement opportunities.

Consistent with initiatives undertaken as part of the **Newfoundland and Labrador First Procurement Strategy**, there are a number of ways departments and public bodies can directly support local purchasing. Examples may include, but are not limited to:

- For low dollar value purchases, seeking quotes directly from provincial suppliers.
- Ensuring application of the provincial supplier allowance for all purchases with an estimated value below trade agreement thresholds.
- Awarding large procurements by region or commodity group to provide small and medium sized suppliers an opportunity to participate in large procurement opportunities.

In addition to local economic and employment benefits stemming from purchasing through provincial suppliers, local purchasing is also cited as an approach to environmental procurement given the potential to reduce environmental impacts from transportation requirements.



ENVIRONMENTAL

Environmental, or green, procurement was one of the first value-added approaches undertaken by public sector procuring organizations beyond traditional price and quality factors. Environmental procurement is the integration of environmental performance considerations into the procurement decision-making process. It aims to: reduce greenhouse gas (GHG) emissions, as well as energy usage, water usage, waste, and toxicity; increase the circularity of the economy; and support clean, renewable industries. Environmental procurement means procuring commodities with a reduced environmental impact over their life-cycle compared to similar offerings.

Environmental procurement also helps support actions and recommendations under the Newfoundland and Labrador **Renewable Energy Plan** as well as the **Climate Change Action Plan**.

“Around the world, consumers are becoming more environmentally conscious of the effects of their purchases. As a result, consumers and investors are focusing more on environmental, social, and governance considerations, and are considering the environmental responsibility of businesses.”

NEWFOUNDLAND AND LABRADOR RENEWABLE ENERGY PLAN



There are a number of ways departments and public bodies may introduce environmental procurement considerations into their procurement activity. Examples include, but are not limited to:

- Considering the total lifecycle cost of the commodity being purchased, from development to disposal, rather than just the up-front cost.
- Considering whether the product can be recycled locally.
- Incorporating third-party environmental certification requirements as part of the evaluation.

As part of the **Sustainable Procurement Strategy**, the Public Procurement Agency has published an updated **Green Procurement Guide** that may be used as a resource to assist departments and public bodies in effectively planning and implementing environmental purchasing practices in their procurement activities.



Implementation and Action Plan

Implementation of a **Sustainable Procurement Strategy** requires new considerations and approaches to procurement. According to internal and external stakeholder feedback, taking an incremental and measured approach will allow procurement officials and suppliers to build the capacity required to take advantage of sustainable procurement opportunities.

In addition, while the introduction of a sustainable procurement policy is a critical first step to adding value through procurement, further work is required to ensure departments and public bodies have the tools they need to maximize the associated benefits.

The action items below will help build capacity by providing tools and resources to enable procurement officials to employ sustainable procurement approaches, as well as strengthening suppliers' ability to respond to sustainable procurement.

Social Action Items

To better support departments and specified public bodies in their ability to include social considerations in their purchasing and to better support community-oriented and diverse suppliers, the Public Procurement Agency will:

- Offer supplier development sessions for social enterprises and other under-represented businesses (e.g. Indigenous, women-owned, ethnically diverse).
- Provide training and guidance to procurement officials in the consideration and use of social procurement measures.
- Work with stakeholders to identify lists of certified diverse and under-represented businesses that may be accessed through the Public Procurement Agency website.
- Work with stakeholders to identify lists of certified social enterprises that may be accessed through the Public Procurement Agency website.
- Identify opportunities to include apprenticeship benefits as part of larger infrastructure projects.



Local Economic Action Items

Consistent with its recently launched **Newfoundland and Labrador First Procurement Strategy**, government will, among other activities:

- Further increase open call thresholds in line with trade agreements to provide greater opportunities for public bodies to seek quotations directly from provincial suppliers.
- Continue implementation of the provincial supplier allowance when the estimated value of the procurement is below trade agreement thresholds.
- Review the use of bid bonds to ensure they do not act as a barrier to small local businesses that wish to bid on multiple government opportunities.
- Undertake a more rigorous review of upcoming procurements for increased use of regional economic development exemptions available under trade agreements.
- Develop and launch supplier development sessions for local businesses.
- Work with the supplier community to develop a list of provincial businesses that may be accessed through the Public Procurement Agency website.

Environmental Action Items

To better support departments and specified public bodies in their ability to include environmental considerations in their purchasing, the Public Procurement Agency will:

- Promote an updated **Green Procurement Guide** to provide guidance to facilitate the purchase of environmentally sustainable goods and services.
- Use the purchasing power of public bodies to achieve economies of scale in the purchase of environmentally sustainable goods and services.
- Develop and deliver enhanced training in environmental procurement approaches for government employees.
- Ensure that commodities available through established standing offers contain sustainable options where practicable.



Looking Forward

The Government of Newfoundland and Labrador is committed to improving the sustainability of its procurement activities. Through implementation of the Policy and action plan, departments and public bodies will build capacity for enhanced sustainable procurement approaches. As the strategy is implemented, the Public Procurement Agency will share best practices and strategy progress with stakeholders and seek feedback on additional approaches to support sustainable procurement capacity building initiatives. In this way, the **Sustainable Procurement Strategy** is a living strategy that will evolve as capacity for sustainable procurement activity develops. To ensure transparency and accountability, a progress report will be provided after the third year of implementation.