



How-to
guide

Buying responsibly



LIVING PLANET
@WORK



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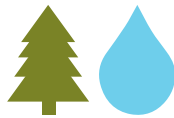
Buying responsibly

“We purchase the future we want”

Sam Hummel,
Sustainable Purchasing
Leadership Council

What is sustainable procurement?

Sustainable procurement takes environmental, social and ethical impacts of products, services and supplier operations into account in the procurement process throughout its entire value chain, including from the supply chain, use phase and end of life. In other words, it means “making sure that the products and services we buy are as sustainable as possible, with the lowest environmental impact and most positive social results.”¹



Sustainable procurement considers these factors



Potential environmental impacts:²

- Carbon dioxide emissions
- Waste minimization
- Water conservation and stewardship
- Biodiversity preservation
- Material efficiency
- Environmental management

Potential social and ethical impacts:²

- Health and safety promotion
- Human and labour rights assurance
- Community benefits
- Living wage
- Animal welfare
- Diversity commitments

¹ Source: *UNDP*

² Source: *Coro Strandberg, (2011)*



Why buy with sustainability in mind?

- The largest environmental impacts of many businesses extend into the network of organizations it purchases from, or its supply chain.
- Supply chains are often global in nature and can consist of thousands of companies, each of which have their own environmental impacts.
- As a result, the environmental and social performance of your suppliers can have a significant impact on your own company’s social and environmental record.
- By purchasing from suppliers that have robust sustainability practices in place or by actively working with your suppliers to help them reduce their footprint and impact, your organization can experience significant improvements to its own sustainability performance. Furthermore, it will send an important message that your company is ready and willing to pave the way toward a more sustainable future.



DID YOU KNOW?
 According to Carbon Disclosure Project (CDP), the carbon emissions of company’s indirect supply chain are, on average, 4 times higher than their direct operational emissions.³

Image credit: © istockphoto.com

3 Source: CDP (2015)



HP: Supply chain responsibility and sustainable procurement

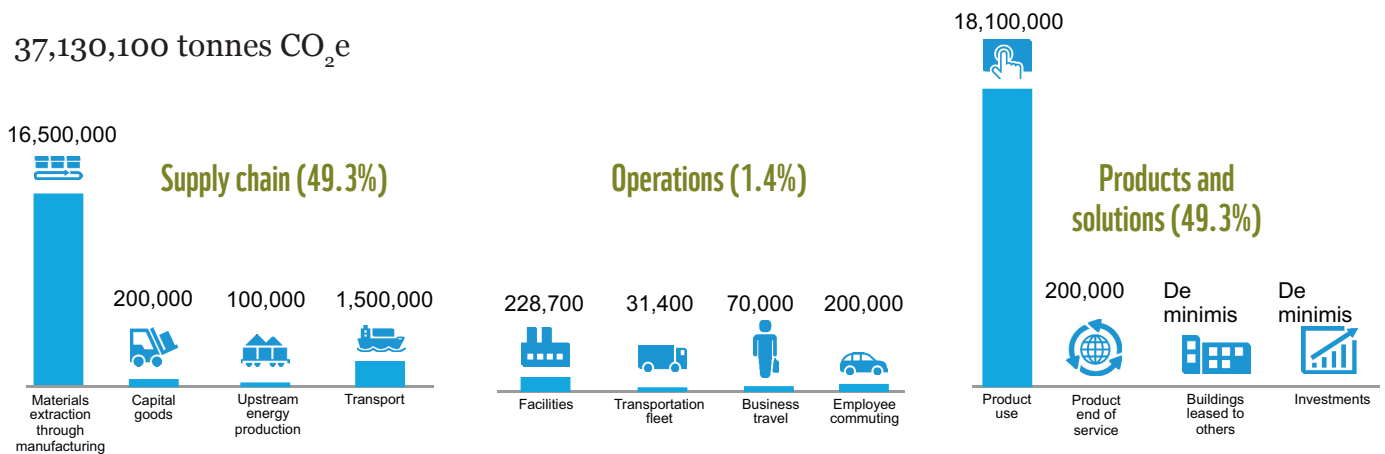
HP's supply chain accounts for almost half of its carbon emissions. That's why the company has been working with its supply chain partners and customers to reduce these impacts for over a decade. Here's how:

- **Designing its new products and solutions with sustainability in mind.** For example, HP has implemented a consumer subscription-based ink service called Instant Ink that helps customers decrease the carbon footprint of ink purchase and disposal by 84%, reduce energy use by 86%, and lower water usage by 89% compared to conventional business models.⁴

- **Following strong social and environmental purchasing criteria.** HP has an extensive supply chain code of conduct and monitors their suppliers regularly to ensure compliance with its comprehensive standards.⁵
- **Offering robust product recycling systems to help customers to close the materials loop.** HP has manufactured more than 3.8 billion ink and toner cartridges using more than 99,000 tonnes of recycled plastic recovered through its Planet Partners return program.

HP's carbon footprint (2017)⁵

37,130,100 tonnes CO₂e



⁴ Based on a 2017 life cycle assessment (LCA) performed by Four Elements Consulting and commissioned by HP.

⁵ Source: HP Inc. (2018)



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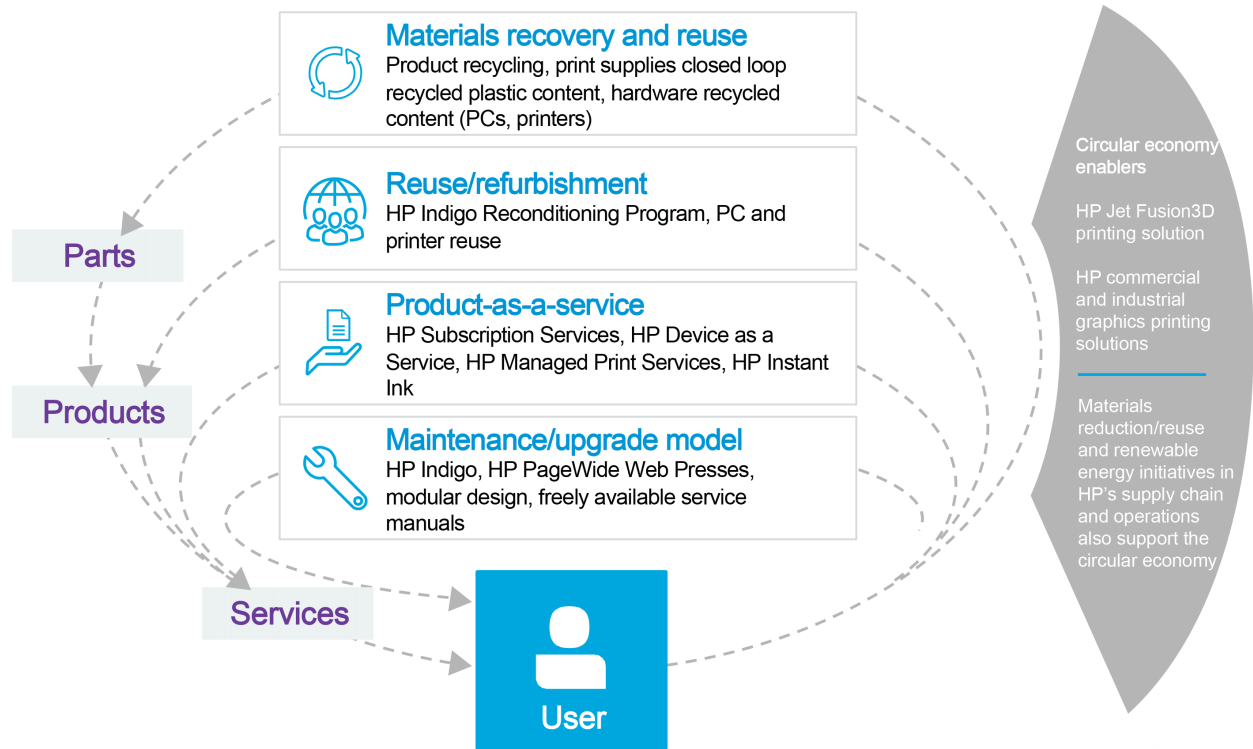
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HOW-TO GUIDE: BUYING RESPONSIBLY

HP: Supply chain responsibility and sustainable procurement

HP's circular economy model



These examples demonstrate how HP is working to propel the circular economy: a concept that aims to shift thinking from our traditional 'take-make dispose' model into one that initially keeps products and materials in use at the same value. The infographic above demonstrates how HP leads these efforts.

HP is redesigning its entire business model to drive a circular economy – but requires customers and procurement to change their models to enable this transition to occur.

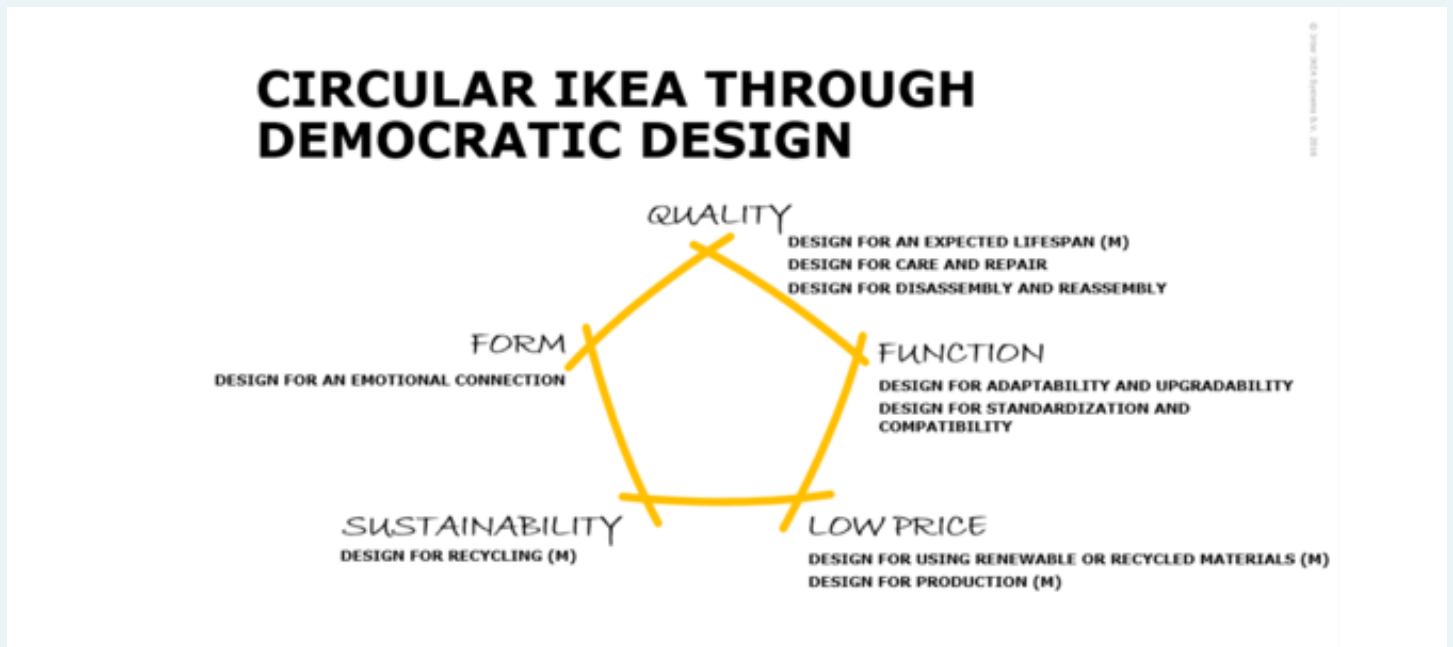
Learn more by visiting HP's most recent [sustainable impact report](#).

Graphic credit: © HP Canada



IKEA: Sustainable procurement and the circular economy

Many companies are looking to contribute to this circularity challenge by changing the way they do business. For example, IKEA designs its products based on 9 circular principles.



The realization of these circular principles is not possible without sustainable procurement. IKEA collaborates closely with its suppliers to purchase materials that are responsibly sourced, that use minimum levels of waste, water and energy and that promote recyclability.⁶ As a customer, you can make your purchasing decisions using criteria that incorporate sustainability. By doing this, you will play a role in supporting the global journey toward a circular economy.

⁶ Source: *IKEA (2018)*



The business case for sustainable procurement

Practicing sustainable procurement is also good for business. Here's why:

It reinforces your company's values.

If your company values making life better for people in the places that you operate, sustainable procurement contributes to achieving that vision.

It fosters innovation. By changing business models to take the current and future state of the planet into account, sustainable procurement can encourage employees to innovate and transform the way they think about doing business.⁷

It can contribute to cost savings. Knowing more about your supply chain can open up opportunities to find efficiencies and streamline supply chain logistics. If you can manage a supply chain for price and quality you can manage it for sustainability too!⁸

It can improve brand reputation. Global consumers state they have a more positive image (93%), are more likely to trust (90%) and are more loyal to (88%) companies that support social and environmental issues.⁹

Your stakeholders want it. Customers, investors and employees are increasingly looking for more information about a company's sustainability impacts. These stakeholders may decide whether or not to support your business based on how much sustainability information your company is able to disclose.¹⁰

It can help recruit and retain top talent. Employees, especially millennials, want to work for companies with strong sustainability values. When they do, they are more productive, more highly engaged, and less likely to leave.⁹

Not doing it can lead to business risk. In the Global Risks report released by the World Economic Forum, three of the top five risks are environment-related. If they are not addressed, it can create disruptions that can lead to systemic, cumulative and cascading effects for business.¹¹

WHAT IS YOUR ROLE?

As a sustainability champion, you have an opportunity lead your organization down a path that supports stronger and more sustainable purchasing habits. All you need to do is start that conversation.

DID YOU KNOW?

According to the CDP, more than \$12.4 billion in cost-savings was reported by their members from emissions reduction projects with their suppliers in 2016.⁸

⁷ Source: Accenture (2018)

⁸ Source: CDP (2018)

⁹ Source: Cone Communications (2017)

¹⁰ Source: EY (2012)

¹¹ Source: World Economic Forum (2018)



Five steps to take action

No matter where your company is at on its sustainable procurement journey, you have an opportunity to educate your colleagues and change the way procurement happens at your organization. You can be the connector between purchasing, sustainability and a thriving business.

Below is a five-step action plan to help you move the sustainable procurement agenda forward.

Step 1: Find the right support

Identify individuals at your company and ask for their support in a sustainable procurement working group. This could include:



Your sustainability or green team

(or person). Don't have a sustainability team? Start one by visiting our [green team page](#).



Your procurement team (or person).


Procurement can include operations, facilities and finance as well.



A senior executive. You will most likely need to obtain senior leadership approval to move forward with this initiative.

TIP: Ask a senior leader to be an executive sponsor for your sustainable procurement efforts.¹²

1. Find out their motivations and speak their language. Your conversations will look different for someone who is focused on meeting financial targets vs. someone that has sustainability baked into their ideals.
2. Meet them where they are. Put yourself in the shoes of the person you're speaking with and think about how your conversation would make them react.
3. Ask for their permission and think about your ask. How exactly would you like the person to support you? What is achievable given this person's role, level of time commitment, and other factors?
4. Highlight the project's value. Outline your intentions for the project and how its success can bring value to the organization (especially financial).

For more information, visit the: **'5 essential conversations for a winning sustainability proposal'** blog by Bob Willard 

¹² Source: Bob Willard (2017)



Step 2: Map out procurement processes and sustainability goals

Sustainable procurement can be deprioritized in a business because of more systemic challenges such as how the existing processes have been created. For example, perhaps goals and priorities between departments were created in silos, or there is no regular communication throughout the organization.

As a sustainability champion, you have an opportunity to identify and address the organizational challenges that make it difficult to act with sustainability in mind.

Meet with your procurement and sustainability teams to get a better sense of how they make decisions and set goals. Depending on the complexity and size of your organization, it may be helpful to bring other departments into the conversation as they are identified.

In your meetings, ask questions like:

- “ Would you like to work together to map out our existing policies, strategies and habits around sustainability/purchasing? How can I help? ”
- “ Do we use any documentation to help inform our decisions? Can you take me through what that looks like? ”
- “ I’d love to learn more about how we work with our suppliers. Would you be willing to share how you work together? ”
- “ Would you be interested in collaborating to outline how the procurement/ sustainability team’s goals ladder up to the organization’s broader goals? Do you have any information that can help us get started? ”
- “ I am really excited to work together on this initiative! Do you know if the organization has worked on collaborative initiatives like this in the past? ”

TIP: Take the time at the beginning of the meeting to reinforce that your goal is to help work with them to achieve a common goal.



Image credit: © HP Canada



Step 3: Identify and discuss gaps

If you are seeing that processes and goals between departments are not aligning, this can pose a risk to the organization. Make a note of these occurrences. Potential gaps within the organization can include:

- Your company has a sustainable procurement policy that is not being followed by the organization
- Elements of procurement policies conflict with elements of sustainability policies
- The goals for the procurement and sustainability departments conflict
- The procurement and/or sustainability objectives do not align with the higher purpose and vision of the organization

Reach out to those supporting you in your sustainable procurement journey for support in identifying these gaps; this will likely be a complex puzzle with a number of moving pieces. Discuss the gaps you have found and think about opportunities to take action collaboratively.

TIP: *Think critically about who you think might be the best person to facilitate this discussion. If you have managed to get senior leader support, this might be a good opportunity for them to take the lead.*





Step 4: Set a common goal

Finding a common goal starts with finding a common metric to measure success. If your organization is just getting started on its sustainable procurement journey, this might be a more difficult conversation to have. Here are some tips to help you move forward:

- Set a SMART goal that everyone can work toward achieving.
- Create a goal that does not seem too overwhelming to undertake. Consider focusing on a specific and visible product, product line, or percentage of total spend.
- Total cost of ownership is a holistic and comprehensive metrics to measure the cost of goods and services and can be a great common metric to measure procurement and sustainability success.
- Don't reinvent the wheel. Start by using and adding to existing procurement processes, policies and tools rather than trying to create brand new ones.

TIP: Learn more about the sustainability efforts of your potential customers by including sustainability-related questions into your RFPs and procurement requests.

Reference the **seven sins of greenwashing** to ensure the sustainability claims you hear about are credible.

Sample sustainable procurement targets

Get 50% office paper FSC-certified by the end of your fiscal year.

Make all new electronics purchases EPEAT certified.

Purchase 50% fair trade or Rainforest Alliance certified coffee by the end of this fiscal year.

Only buy plastic products that contain recycled content and whose packaging is recyclable.

Only purchase from companies that disclose their carbon footprints.

Evaluate which office appliances and equipment can be purchased as a service instead of a product (see p. 12 for details).

Purchase 50% more products that are shipped using SmartWay approved transportation carriers.

Make sure all electronic equipment purchased has repair manuals available.

Evaluate the sustainability specs of 100% of the office products we purchase in the next 2 years.

What is a SMART goal?¹³

Specific, **M**easurable, **A**ttainable, **R**elevant, **T**imely

¹³ Source: Canadian Management Centre (2018)



Total cost of ownership: a metric to consider

The total cost of purchasing a good or service is more than just its initial purchase price. It also includes the costs associated with processing, storage, transportation and end of life management throughout the product’s lifecycle. Using this metric can be a critical tool in building the case to purchase goods that are more sustainable.

For a calculator to help your company measure the total cost of ownership, visit the [21st century sustainable procurement toolkit](#) here.¹⁴

If the upfront cost of the more sustainable product is higher

If a more sustainable product has an initial price premium, using total cost of ownership as a metric can offset this initial premium paid by highlighting cost saving opportunities in other stages during its useful life.

For example, paper with FSC certification ensures that it has come from responsibly sourced forests. The upfront cost of FSC-certified paper is often more expensive than paper that is not certified. However, by using the total cost of ownership concept and thinking more holistically about how your organization uses paper, you can offset this increase in purchasing price with a paper reduction strategy. This is a win-win scenario for both procurement and sustainability.¹⁵

If the upfront cost of the more sustainable product is the same

If a more sustainable product costs the same price upfront, you can use total cost of ownership to make the case that the more sustainable product can save money over the long-term. For example, purchasing more energy-efficient IT equipment (ex. EPEAT certified products) can reduce total costs throughout the product’s lifespan through reduced energy costs.

Learn more about Total Cost of Ownership from the [Sustainable Purchasing Leadership Council](#).



Image credit: © HP Canada

¹⁴ Source: Bob Willard (2018)

¹⁵ Source: Sustainable Purchasing Leadership Council



TIP: Switch from a product to a service

Many companies are changing their business models to offer their customers service delivery options instead of physical products. For example, a service-based alternative to purchasing a new printer outright would be to purchase printing services by paying cost per printed page. This puts ownership on the manufacturer to ensure their product delivers at high quality levels all the time and keeps them responsible for the product throughout its entire lifecycle.

With ownership remaining with the manufacturer, the service-based model is leading to a fundamental shift in the manufacturing process. It creates an incentive for producers to design their products with environmental characteristics such as:

- Higher reliability
- Higher repairability
- More attention to recyclability
- More closed loop practices

This also benefits your organization, as it reduces the responsibility, time and costs required for the customer to responsibly manage and deal with the product at the end of its life.

Sustainability standards can help.

Using credible sustainability standards can be an easy way to improve sustainable procurement practices. ISEAL Alliance is a global membership association dedicated to sharing best practices around credible sustainability standards and can be a good resource to help you.¹⁶



16 Source: ISEAL Alliance (2018)

Image credit: © Mark Wagner / WWF

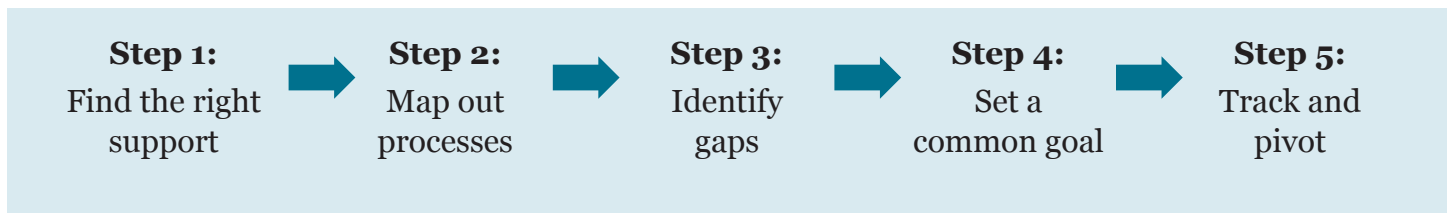


Step 5: Track progress and pivot as needed

Meet regularly to track progress toward your goal. This is a long journey and you may face a number of obstacles preventing you from moving forward. Remember that this work won't happen overnight. Your key is to be prepared, persistent, educated and inclusive.

Getting Stuck? If you find that you are no longer on track to meet your targets, pivot your tactics and strategies as needed. Reflect on what might be stopping you from making progress and what actions you can take to overcome the barriers. Ask your executive sponsor for their advice on how to move forward. If necessary, adjust your targets to reflect a more realistic outcome.

Summary of steps



Sustainable procurement plays a critical role in reducing the pressing threats to diversity of life on Earth. As a sustainability champion, you can be the link your company needs to start that conversation.

Remember: if you won't do it, who will?



Image credit: © istockphoto.com

“The betterment of our society is not a job to be left to a few; it is a responsibility to be shared by all.”

David Packard,
co-founder, HP



Additional Resources:

Sustainability: the big picture

- [Understanding supply risk](#): WWF
- [About the sustainable development goals](#): UNDP
- [Circular economy business toolkit](#): Coro Strandberg
- [Introduction to circular economy](#): Ellen MacArthur Foundation

Intro to sustainable procurement

- [Procurement](#): UNDP
- [Primer on sustainable procurement](#): EcoVadis
- [Responsible purchasing guide for credit unions](#): Coro Strandberg
- [Sustainable procurement resources](#): ECPAR
- [Seven sins of greenwashing](#): UL

The business case

- [WWF business case for responsible commodity sourcing](#): WWF
- [The comprehensive business case for sustainability](#): Harvard Business Review
- [Sustainability ROI workbook](#): Bob Willard
- [Five essential conversations for a winning sustainability proposal](#): Bob Willard
- [2015 Global survey of corporate social responsibility and sustainability](#): Nielsen

Tools to take action

- [Science based targets](#): Science Based Targets Initiative
- [Rountable on sustainable biomaterials for bio-based material sourcing](#): Rountable on Sustainable Biomaterials
- [Sustainable purchasing leadership council](#): Sustainable Purchasing Leadership Council
- [Sustainable IT purchasing guide](#): HP Canada
- [HP carbon footprint calculators](#): HP Canada
- [Sustainable purchasing metrics and targets](#): Coro Strandberg
- [GRI standard on procurement practices](#): Global Reporting Initiative
- [ISO standard on sustainable procurement](#): International Standards Organization
- [Credible sustainability standards](#): ISEAL Alliance
- [Total cost of ownership](#): Sustainable Purchasing Leadership Council
- [21st century procurement toolkit](#): Bob Willard
- [About ENERGY STAR](#): ENERGY STAR