



Policy Title: Sustainable Environmental and Ethical Procurement Policy (SEEP)

Policy Number: CFO008

Report Number: FCS2007-02

Approved by: Council

Effective Date: Approved in principle, 2007 January 8 and approved 2008 March 12

Business Unit: Finance & Supply

BACKGROUND

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

This policy aligns with other key City policies and initiatives, in particular the Triple Bottom Line Policy LUP003, The City of Calgary Environmental Policy UEP001 and many of the targets developed through imagineCALGARY. The policy positions The City of Calgary to be a leader and an example for other governments or agencies to follow, specifically relating to targets around sustainable procurement, sustainable technologies and products. The City is committed to meeting the same standards expected of suppliers.

PURPOSE

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

The purpose of this policy is to:

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



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

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

SCOPE

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

DEFINITIONS

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



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



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

POLICIES

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

Legal Compliance

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



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

Promote the Use of Sustainable Products and Services

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

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

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

Work Cooperatively

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

Accountability

Verification of supplier compliance with these principles will be achieved by reliance on a combination of external independent certifications, supplier disclosures and certifications, and disclosure of information about factory and production facilities.



Transparency

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

Recognizing Excellence

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

Total Cost Management

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

Continual Improvement

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

PROCEDURE

1. Responsibilities of Finance & Supply

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

Finance and Supply will:

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



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

2. Responsibilities for all City of Calgary Business Units

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

Each Business Unit within The City of Calgary shall:

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



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

3. Exemption

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

AMENDMENTS

New Policy

2010 revision-policy name change from FCS010 to CFO008 due to department reorganization

SUPPLIER CODE OF CONDUCT

1. Introduction

The City of Calgary (herein after referred to as “The City” or “City”) is committed to a procurement process for goods and services that takes into account sustainable, environmental and ethical considerations. Our suppliers are expected to respect fundamental human rights, and to treat their workers fairly and with respect. They are also expected to strive continually towards minimizing the environmental impact of their operations and the goods and services provided.

The Supplier Code of Conduct (SCC) sets out the minimum performance standards for suppliers regarding working conditions, labour issues and the environment to support The City of Calgary’s Sustainable Environmental and Ethical Purchasing Policy (SEEPP). The goal of the SEEPP is to ensure that the goods and services purchased by The City of Calgary are produced according to recognized ethical and environmental standards. The City will apply its SCC as one of the criteria used in its selection of business partners and suppliers for products and services. It is a requirement that all City suppliers and their subcontractors / suppliers meet the performance standards within this code.

The SEEPP establishes an avenue whereby complaints of abuses in workplaces that are involved in the manufacture of products or delivery of services purchased by The City can be made to The City, Finance and Supply Business Unit. The City of Calgary (“The City”) will investigate complaints received, in accordance with a process that it at its sole discretion determines to be appropriate and reasonable. The policy is not intended to interfere with The City’s collective agreements. It is the supplier’s responsibility to ensure subcontractors are compliant with the SCC. The City will ensure that suppliers who are not fully in compliance with the policy are provided an opportunity to improve their practices.

2. Compliance Requirements

City suppliers and their sub-contractors will comply with all national and other applicable laws of the country(ies) of operations or manufacture of products or delivery of services, including, but not limited to, those laws relating to working conditions, human rights, health and safety and the environment. For goods and services produced in Canada, Canadian laws will apply. For goods and services produced outside of Canada, where the provisions of local laws and the SCC address the same issue, the provision that is most stringent will apply.

3. Performance Standards

The following performance standards represent the minimum standards for City of Calgary suppliers and subcontractors. The City will recognize suppliers, through the evaluation process, that exceed these performance standards, that provide consistent and continuous focus on protecting the health, safety and welfare of workers and minimizing their operational impact on the environment.

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3.1 Working Conditions

3.1.1 Child Labour

- a) For goods and services produced in Canada, suppliers to The City of Calgary and their subcontractors will comply with all employment standards and related law and legislation in the jurisdiction(s) of production or provision of services with respect to minimum working age and restrictions on the employment of children.
- b) For goods and services produced outside of Canada, City of Calgary suppliers and their subcontractors will adhere to the International Labour Organization (ILO) Convention 138. If local minimum wage law stipulates ages for work or mandatory schooling higher than the ILO Convention, the higher age would apply.

City of Calgary suppliers and their sub-contractors, outside of Canada will ensure young workers (age 15 – 17) are employed according to protective restrictions prescribed by local laws, in keeping with ILO Convention 182.

- c) All City of Calgary suppliers and their subcontractors will ensure that they do not expose children or young workers to situations in or outside of the workplace that are hazardous, unsafe, or unhealthy.

3.1.2 Forced Labour

All City of Calgary suppliers and their subcontractors will not:

- a) Use forced, illegal or involuntary prison labour, including indentured or bonded labour, or any form of compulsory labour in the production of goods or services (ILO Conventions 29 and 105).
- b) Require workers to lodge deposits or their identity papers as a condition of employment, or financially penalize workers for resigning.
- c) Require any foreign contract worker to remain in employment for any period of time against his or her will or burden workers with any required agency recruitment commissions.

3.1.3 Disciplinary Practices

All City of Calgary suppliers and their subcontractors will treat workers with respect and dignity and ensure workers are not subjected to any form of physical, sexual, psychological or verbal harassment or abuse, coercion or corporal punishment.

3.1.4 Hours of Work

- a) For goods and services produced in Canada, City of Calgary suppliers and their subcontractors will comply with all employment standards and related law and legislation in the jurisdiction(s) of production with respect to hours of work, overtime hours and overtime pay.

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- b) For goods and services produced outside of Canada, City of Calgary suppliers and their subcontractors will ensure regular working hours do not exceed forty eight (48) hours per week, and that the combination of regular hours and required overtime hours do not exceed sixty (60) hours per week except in emergency circumstances.
- c) For goods and services produced outside of Canada, City of Calgary suppliers and their subcontractors will ensure that overtime hours are compensated either according to the law, or where the law is silent, at premium rates for hours in excess of forty eight (48) hours and that hours worked in excess of sixty (60) hours per week are on a voluntary basis.
- d) For goods and services produced outside of Canada, City of Calgary suppliers and their subcontractors will ensure workers are provided at least one day off during every seven (7) day period.

3.1.5 Remuneration

- a) For goods and services produced in Canada, City of Calgary suppliers and their subcontractors will at a minimum meet legislated minimum wage rates and comply with all employment standards and related law and legislation in the jurisdiction(s) of production with respect to compensation, including wages and benefits.
- b) For goods and services produced outside of Canada, City of Calgary suppliers and their subcontractors will meet national or international standards, whichever is higher, for wages and benefits within the country of production, irrespective of special status granted to a company, worksite, or geographic area that permits the organization to compromise applicable standards.
- c) For goods and services produced outside of Canada, City of Calgary suppliers and their subcontractors will pay workers directly and provide workers with clear, written accounting of hours worked, deductions, and regular and overtime wages in a language they can understand.
- d) For goods and services produced outside of Canada, City of Calgary suppliers and their subcontractors will not make direct wage deductions from employee pay as a disciplinary measure. Where an employee is temporarily suspended without pay, infractions must be proven openly and promptly.
- e) Recognizing that wages are essential to meeting workers' basic needs, all City of Calgary suppliers and their subcontractors will make every effort to ensure that workers receive wages that exceed legislated minimums that meet basic needs by local standards.

3.2 Human Rights

3.2.1 Freedom of Association

- a) For goods and services produced in Canada, City of Calgary suppliers and their subcontractors will comply with the Canadian Charter of Rights and Freedoms right

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to freedom of association and labour relations law and regulations in the jurisdiction(s) of production.

- b) For goods and services produced outside of Canada, City suppliers and their sub-contractors will recognize and respect that workers, without distinction, have the right to form or join trade unions of their own choosing and to bargain collectively (ILO Convention 87).
- c) Where the right of freedom of association and collective bargaining is restricted under law, the supplier will not hinder the development of parallel means for independent, free association and bargaining (ILO Convention 98).
- d) City suppliers and their sub-contractors will ensure that workers representatives are not discriminated against and have reasonable access to carry out their representative functions in the workplace.

3.2.2 Discrimination

- a) For goods and services produced in Canada, City of Calgary suppliers and their subcontractors will recognize the fundamental human rights of workers as guaranteed through the Canadian Charter of Rights and Freedoms and corresponding provincial Human Rights law and legislation in the jurisdiction(s) of production.
- b) For goods and services produced in Canada, City of Calgary suppliers and subcontractors will be recognized for their use of employment practices that support a diverse workforce.
- c) All City of Calgary suppliers and their subcontractors will consider employees for positions and promotions on the basis of their qualifications and abilities. All City of Calgary suppliers and their subcontractors will not unlawfully discriminate on the basis of race, gender, political or religious beliefs, social, ethnic or national origin, marital status, union affiliation, sexual orientation, or disability (ILO Conventions 100 & 111).
- d) All City of Calgary suppliers and their subcontractors will not interfere with the exercise of the rights of personnel to observe tenets or practices, or to meet needs relating to race, caste, national origin, religion, disability, gender, sexual orientation, union membership or political affiliation.
- e) All City of Calgary suppliers and their subcontractors will not allow behaviour including gestures, language and physical contact, that is sexually coercive, threatening, abusive or exploitative.

3.3 Health and Safety

- a) For goods and services produced in Canada, City of Calgary suppliers and their subcontractors will comply with all occupational health and safety codes and related law and regulations in the jurisdiction(s) of production

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- b) For goods and services produced outside of Canada, City of Calgary suppliers and their subcontractors will:
- i. Provide a safe and healthy working environment and take adequate steps to prevent accidents and injury to health arising out of, associated with or occurring in the course of work by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment;
 - ii. Appoint a representative responsible for the health and safety of all personnel, and accountable for the implementation of the Health and Safety elements identified in this Code of Conduct;
 - iii. Ensure that all personnel receive regular and recorded health and safety training (in a language understood by the worker) and that such training is repeated for new and reassigned personnel;
 - iv. Establish systems to detect, avoid or respond to potential threats to the health and safety of all personnel;
 - v. Provide for use by all personnel, clean bathrooms, access to potable water and, if appropriate, sanitary facilities for food storage.
- c) All City of Calgary suppliers and their subcontractors will ensure that, if provided for personnel, dormitory facilities are clean, safe, and meet the basic needs of the personnel.

3.4 Environment

Suppliers to The City of Calgary and subcontractors will ensure that in the provision of products and services, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public. Minimum environmental standards for suppliers and subcontractors are:

3.4.1 Environmental Permits and Reporting

All required environmental permits and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

3.4.2 Pollution Prevention and Resource Reduction

Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

3.4.3 Hazardous substances

Materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, recycling or re-use and disposal.

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3.4.4 Wastewater and solid waste

Wastewater and solid waste are to be monitored, controlled and treated as required prior to discharge or disposal.

3.4.5 Air emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

3.4.6 Product Content Restrictions

Suppliers to The City of Calgary are to adhere to all applicable laws and regulations regarding prohibition or restriction of specific substances including labeling laws and regulations for recycling and disposal.

4. Compliance and Implementation

- a) The City of Calgary expects all its suppliers to comply with the SCC and to actively do their best to exceed The City's standards. The City of Calgary believes in cooperation and is willing to work with its suppliers to improve performance where necessary.
- b) All City of Calgary suppliers and their subcontractors have an obligation to inform their employees about the Supplier Code of Conduct and appropriate avenues of complaint. This Code of Conduct shall be communicated to all employees and posted in both English and the local language of the employees, in an area accessible to all employees.
- c) The City will require that suppliers provide details on factory and production facility locations.
- d) The City of Calgary reserves the right to ask for proof of compliance with all applicable labour, health, safety and environmental laws, and may inspect work locations at any time (or request independent verification of compliance). Suppliers must maintain current and sufficiently detailed records to substantiate their compliance with the SCC and The City may ask that they are independently verified at the supplier's expense.