

Credit Union Social Responsibility Tool

RESPONSIBLE PURCHASING GUIDE FOR CREDIT UNIONS



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In addition to being a former director at Vancity Credit Union (Vancity), Coro is a global thought leader in the areas of sustainable governance; sustainable purchasing; sustainable human resource management; and sustainable finance, insurance, and asset management. She has provided facilitation and training on social responsibility to credit union managers and directors and has helped more than a dozen credit unions develop credit union social responsibility and sustainability strategies.

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INTRODUCTION

Responsible purchasing is a growing world-wide business trend. With declining natural resources, growing reputation risks, increasing energy costs, government regulations, concerns around air quality and toxins, and a desire to align values with business practices, more and more organizations are integrating social, ethical and environmental considerations into their purchasing decisions. This guide is a tool to help credit unions understand and master this new business process as a component of their corporate social responsibility (CSR) or sustainability mission. This tool will walk you through the steps to building a responsible purchasing program to highlight key considerations about the products and services you buy day to day.

CREDIT UNIONS CAN LEAD THE WAY

Credit unions have the opportunity to lead the way in a few areas of responsible purchasing – by giving preference to local and co-operative concerns, such as “buy-local”, co-operative and Aboriginal procurement, and buying from non-profit organizations which hire and train vulnerable people.

First, a definition of responsible purchasing (often referred to as sustainable purchasing) is provided, along with highlights of the business case and benefits of responsible procurement. This is followed by an overview of the components of a responsible purchasing program, and then the steps to building out your approach. The sustainable purchasing policies and programs of Vancity Credit Union (Vancity) and The Co-operators Group Ltd. (The Co-operators) are used to illustrate certain aspects of a detailed program.

Current credit union initiatives are profiled next, and a sample responsible purchasing policy is included in the appendix. There is also a list of organizational resources and policies for those who wish to dig deeper.

It is important to note that while this guide lays out a comprehensive program, credit unions are encouraged to adapt the approach to their own organizational priorities. In other words, there is no “one-size-fits-all” approach when it comes to responsible purchasing. Integrating social, ethical and environmental factors into purchasing is a dynamic process that builds on experience and supplier relationships which are unique to each organization. Recognizing this, a simplified approach appears on page 15 as well as a number of **Start Small** tips that are presented throughout Chapter 3. This approach may be suitable for smaller credit unions or those just starting on their CSR mission.

Bringing your values and principles to the marketplace can be challenging in the beginning as you build out your program. Fortunately, with more and more organizations moving in this direction it is becoming easier, as there is so much good practice out there to follow. And as demand goes up for CSR-embedded products and services, more and more suppliers will jump on board, helping credit unions to fulfill their promise of building stronger, more sustainable communities.



CHAPTER 1: DEFINITION OF RESPONSIBLE PURCHASING

At its root, responsible purchasing is about taking environmental, social and ethical impacts of products, services and supplier operations into account in the procurement process. It basically considers whether a purchase needs to be made at all, what products are made of, where they have come from and how they traveled, who has made them, the conditions under which they were made or provided, the components of their packaging, how the products and services will be used, and how they will be ultimately disposed of. In this way, it looks at the full lifecycle of the product from “cradle to grave”.¹

To understand responsible purchasing it is important to understand what is meant by the environmental, social and ethical impacts of products and services. Environmental impacts typically include waste, use of resources, pollution and toxins, greenhouse gas emissions and biodiversity loss such as species extinction or deterioration of eco-systems like forests or watersheds. They are typically things you want to do less of or avoid. Social impacts consider sourcing from businesses that create jobs for vulnerable people, economic inclusion such as for Aboriginal people, disabled-, women- and minority-owned² businesses, buying local or fair-trade and sourcing from co-operatives. They are typically things you want to do more of. Ethical impacts take working conditions and human rights into account, in line with international labour standards.

Responsible purchasing considers the environmental, social and ethical impacts of the products and services as well as the responsible impacts of the suppliers' operations.

¹ Adapted from BuySmart Network materials.

² Minority-owned businesses can be defined as businesses where the ownership is 51 per cent or more target group-owned, where target groups are defined by ethnicity, gender, disability, age, etc.

GLOBAL BEST PRACTICE IN SUSTAINABLE PURCHASING

The Co-operators published an international scan of sustainability practices of insurance and non-insurance companies written by the author, which analyzed, among other topics, sustainable purchasing programs of 17 leading sustainability organizations, including five co-operatives (e.g. Desjardins Group, Vancity, Mountain Equipment Co-op, etc.). The following are some of the key components of their sustainable purchasing programs:

1. Incorporate social and environmental criteria into Requests for Proposals for all Suppliers.
2. Require suppliers to complete a sustainability questionnaire on their practices and to sign a Supplier Code of Conduct.
3. Social and environmental criteria are used as a factor in the evaluation process (e.g. a 10 per cent weighting).
4. Staff training on responsible purchasing.
5. Reporting on responsible results and impacts.
6. Engagement of suppliers through workshops, websites and forums.

"International Scan of Sustainability Practices of Insurance and Non-Insurance Companies," Coro Strandberg, published by The Co-operators Group Ltd., 2010, pages 14 and 15.

CREDIT UNION HOT SPOT PRODUCTS

Research commissioned by SaskCentral in 2010 found that the nineteen Canadian credit unions profiled in the study screened these 11 products and services for their environmental impacts:

- Office supplies
- Office furniture and modular office systems
- Carpets
- Cleaning products
- Beverages
- Toner cartridges
- Corporate wear
- Paper towels
- Garbage bags
- Swag (promotional items)
- Printing and recycling services

Others in addition to these could be vehicles, meetings and services (i.e. courier, shredding and armoured car).

Adapted from "Canadian Credit Union Environment Scan," by Coro Standberg, published by SaskCentral, 2010, page 8.



CHAPTER 2: BUSINESS CASE AND BENEFITS OF RESPONSIBLE PURCHASING

Depending on the nature and scope of your responsible purchasing program, you can generate a number of benefits for your credit union. By buying green products you can reduce utility and material costs, reduce costs of waste disposal, reduce operating, maintenance and replacement costs, and increase operational and economic efficiencies. Paying attention to the energy efficiency and durability of the products or services you purchase can save your credit union money. Eliminating excessive packaging and reducing waste disposal can also reduce costs.

Additionally, a responsible approach to purchasing can build employee morale, enhance supplier due diligence and promote innovation. For credit unions with an overarching CSR policy in place, aligning your purchasing to your commitments can reduce brand risk and show your members and employees how you are walking your talk. Importantly, responsible purchasing can help build supplier relationships and foster supplier loyalty.

THE MULTIPLIER OF SUSTAINABLE PURCHASING

A PricewaterhouseCoopers study finds the financial payback can range from 6 to 85 times the investment in a sustainable procurement program. These returns are generated by the following value drivers:

Cost Reduction: More efficient products, reduction of consumption, reduced over-specification, reduced compliance costs.

Risk Reduction: Direct costs (economic costs of supply chain disruptions such as product recall, financial penalties) and indirect costs (financial impact on brand value, market share and product boycotts, e.g. from child labour and local pollution).

Revenue Growth: Additional revenue from existing customers and new markets, e.g. through eco-innovation (product and service innovation), and increased sales of sustainable products or services.

"Value of Sustainable Procurement Practices: A quantitative analysis of value drivers associated with Sustainable Procurement Practices," PricewaterhouseCoopers, Ecovadis and INSEAD, 2010.

Other benefits of responsible purchasing are on the environmental and social side. Environmentally, responsible purchasing can help you reduce and prevent waste, pollution and toxins, reduce your use of resources, reduce greenhouse gas emissions, support biodiversity and help to grow the green economy. Socially, a responsible purchasing policy can foster improved wages and working conditions and advance human rights, enhance conditions in developing countries, improve employee health and safety, promote a strong local and co-operative economy, and support vulnerable groups, such as Aboriginal people and people facing employment barriers.

For more details on the business case for CSR more generally, see Credit Union Central of Canada's (Canadian Central) [Developing the Business Case for CSR](#). For a guide to the business case and benefits of sustainability purchasing see the BuySmart Network's ["Business Case and Benefits of to Sustainability Purchasing"](#).

QUESTIONS TO ASK BEFORE PURCHASING A PRODUCT

- Do we need it? Can we do without it?
- Can we borrow it, rent or get it gently used?
- How much should we buy so we don't have more than we need?
- Can it be smaller, lighter or made from fewer materials?
- Is it energy efficient?
- Does it reduce the amount of waste destined to landfill?
- Is it locally manufactured?
- Is it made with post-consumer recycled or reclaimed materials?
- Can it be recycled?
- Is it designed to be durable or multi-functional?
- Is it made with less energy?
- Is it available in a less toxic form?
- Is it possible to reduce the amount of packaging that is used to transport the product?
- Is the product and/or packaging refillable, recyclable or repairable?
- Are materials a naturally occurring, renewable and sustainable resource?
- Is reuse practical and encouraged?
- Will the supplier take it back at the end of its useful life?
- Is it made by a social enterprise, co-operative or fair trade organization?
- What were the health, safety and environmental conditions under which it was manufactured?
- What are the social and environmental practices of the firm that produced it?

Adapted from Industry Canada SME Sustainability Roadmap: <http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/rs00179.html>

The following chapter profiles the key components of a responsible purchasing program, while Chapter 4 reviews the steps you could take to design and launch the program.



CHAPTER 3: COMPONENTS OF A RESPONSIBLE PURCHASING PROGRAM

In order to best align your purchasing efforts with your CSR vision or policy statement, it is recommended that your credit union formalize its responsible purchasing commitments and intentions into a responsible purchasing program. That way, your CSR priorities can be consistently applied internally and consistently communicated to your suppliers externally. It provides greater accountability and responsibility within the organization and creates the platform for monitoring and reporting on your progress.

As Figure 1 below shows, there are six key components that form a comprehensive responsible purchasing program. This section describes each component in detail.

Figure1: Responsible Purchasing Program: Key Components



START SMALL: *There is no one-size-fits-all approach to responsible purchasing. It is an organization specific pursuit which grows and evolves with the organization’s experience. Small credit unions or those just starting out can adapt this approach to their needs, resources and priorities. See “Start Small: A Basic Responsible Purchasing Program” box on page 15 for some suggestions on how to do this.*

1. Policy and Strategy

A first step to developing your responsible purchasing program can be to formalize your social and environmental purchasing commitments into a responsible purchasing policy. A number of these policies are profiled in Chapter 5 and in the Resources section. Your policy should communicate your procurement aspirations and may list such factors as sourcing in ways that improve the environment, supporting co-operatives and the local economy, creating economic opportunities for vulnerable people and advancing human rights, among other priorities. Ideally your credit union will already have an overarching CSR vision, policy or commitment statement³, and your procurement policy should reflect the ideals and goals of these corporate documents.

“The value of documenting and understanding an organization’s values and principles is key to CSR. I recall back in 1999 when asked to develop social and environmental guidelines for the Purchasing Policy how difficult this task was as the team did not have either the Statement of Values and Commitments or the Ethical Policy to guide us. One of the recommendations made by the team to senior management was to develop a statement of values and ethics.”

- **Bari Kellington**, *Manager, Purchasing Services*
Vancity Credit Union

Don’t forget to include both what you seek to avoid and what you seek to encourage. As well, ensure your policy covers both the products and services you procure, as well as the operating practices of the supplier. Consider the scope of your policy (for example, it likely won’t include branch construction which is often covered under green building policies, but it likely will include green leases).

See the Appendix for a sample Responsible Purchasing Policy.

Vancity has adopted an [Ethical Policy](#), guidelines which describe the practices of the organizations they do and do not want to do business with (including suppliers, future business relationships, business members and sponsorship and grant recipients). The policy covers ethical business practices, environmental leadership, respect and fair treatment and healthy and peaceful communities. Vancity also has a [Statement of Values and Commitments](#) (SOVAC), which communicates its community leadership priorities. These two foundational policies are referenced in their Procurement Policy which provides guidelines to procuring employees on the credit union’s community leadership values. For example, some objectives in their Procurement Policy include:

- *Vancity favours relationships with suppliers which demonstrate leadership in social, environmental and sustainable community business practices;*

³ See Canadian Central’s tool on how to develop a responsible vision and policy for your credit union:
<http://cusr.cucentral.com/SitePages/Home.aspx>

- *Employees involved in procurement will ensure their activities are compliant with Vancity's Ethical Policy and consistent with the SOVAC; and*
- *Vancity procuring employees include community leadership (along with other strategic objectives) as part of their requirements at the earliest stages of the procurement activity.*

These three policy documents frame Vancity's approach to responsible purchasing.

The Co-operators [sustainable purchasing policy](#) defines sustainable purchasing to include social, environmental and ethical (International Labour Organization Standards) factors and communicates its commitment to source from suppliers making a positive difference and to maintain a minimum sustainability performance standard for suppliers. They also have a detailed "Corporate Sustainable Purchasing Guideline" which lays out the attributes to be considered in the sourcing process, minimum sustainability performance standards, as well as the implementation, monitoring and review process.

START SMALL: *Smaller credit unions operating in a more informal environment may prefer to prepare a short paragraph outlining their social, environmental and ethical purchasing commitments to be adopted by the board.*

A responsible procurement strategy defines what your credit union plans to achieve over the next year or two. Consider setting goals for your program. Identify your social and environmental priorities. Will it be energy efficiency to tackle climate change and save money or waste reduction? Supporting local co-operatives and businesses? Creating jobs for disadvantaged people? Ensuring you are not sourcing goods produced by forced labour or people whose human rights were violated in the process? Encouraging sustainable business practices? Again, having an organizational CSR policy can help to focus and prioritize.

For example, The Co-operators long-term sustainable purchasing goals include:

- *"To align The Co-operators purchasing activities to our sustainability policy*
- *To leverage The Co-operators purchasing practices to advance sustainability within the marketplace*
- *To support the growth of a strong and resilient co-operative sector and the growth of minority owned businesses and the sustainable enterprise sector*
- *To support economic opportunities for socially and economically disadvantaged groups*
- *To use our purchasing power to influence suppliers to manage and reduce their environmental impacts, with a focus on managing their GHG emissions*
- *To be a model for sustainable purchasing within the co-operative sector."*

In the early years of setting up your responsible purchasing program you will want to include some implementation goals as well, to guide you in your plans. A good initial program, for example, would include these goals:

- To design, implement and evaluate an accountability framework that designates organizational responsibility for delivering on the policy;
- To develop and implement standard operating procedures, tools and processes that embed sustainability into regular purchasing practices;
- To build awareness, capacity and buy-in of staff; and
- To collaborate with suppliers and other organizations to foster a sustainable supply chain.

START SMALL: *Small credit unions with limited resources may prefer to simply identify some priority products and services to address the first year and include these action items in their business plan.*

2. Accountability Framework

In order to achieve your sustainable purchasing goals you will need to identify the people and resources accountable for their implementation. The following questions should be tackled in setting up your management framework:

- Who has overall accountability for implementing the policy? Is this written into their job description and performance goals? Does your compensation system incentivize success in this area?
- Who monitors compliance with the policy and oversees progress towards your responsible purchasing goals? Is this the board's role, the job of the leadership team, or the responsibility of your chief financial officer?
- Who is responsible for ensuring sustainability factors are considered in supplier and product and service selection? Are different departments represented in this effort, for example, the end users of the products and services?
- Who has the most knowledge of CSR issues to advise the buying team?
- Does the responsible purchasing lead or an interdepartmental implementation team set goals and targets, identify annual priority procurements, and measure, monitor and report annual program results to the leadership team or the board?
- What is the procedure for reviewing and updating the policy and how often should this happen?

The Co-operators "Corporate Sustainable Purchasing Guidelines" include the following accountability framework:

- *The Manager, Sustainability and Corporate Citizenship, is responsible for overseeing the implementation and reviews of the Guidelines.*
- *The Manager supports a cross-company Corporate Sustainable Purchasing Committee which in turn is responsible for the development and implementation of the Guidelines, including policy development, implementation plans, consultation, communication and training plans, target setting and annual reviews.*

- *The Corporate Sustainable Purchasing Committee recommends policies and targets to the inter-departmental Sustainability Steering Committee for approval and subsequent recommendation to the Board of Directors.*
- *Regular review of the sustainable purchasing program is to be conducted by the sustainability department and communicated to the inter-departmental Sustainability Steering Committee, the executive and the Board of Directors Sustainability Committee.*
- *The policy and program are to be reviewed and updated in five years.*
- *The Guidelines specify that Co-operators will educate managers, purchasing departments, product specifiers, end users, vendors and the co-operative sector on its approach.*
- *Staff with responsibility for procurement are to have sustainable purchasing requirements in their job descriptions and annual performance goals.*

Depending on the formality of your organizational culture, your policy may include many of these accountability factors. Even with informal organizations, however, it will be important to identify the people responsible for implementing the program, and ideally recognize their efforts through reward and recognition systems.

START SMALL: *Smaller credit unions or those just starting out might consider naming a lead staff person to be responsible for implementing their responsible purchasing priorities and reference this responsibility in their annual performance plan.*

3. Tools and Procedures

While having a responsible purchasing policy, goals and an accountability system might be sufficient for many organizations to get going, it is beneficial to take your responsible purchasing program to the next level by developing tools and procedures that will further embed your CSR commitments into your procurement process.

The following are some of the more common elements of a mature responsible purchasing program:

- Supplier Code of Conduct or Practice which sets out your minimum CSR expectations of suppliers with a requirement that suppliers confirm they are in compliance. You may wish to set a dollar threshold above which the requirement will apply (e.g. \$50,000 or \$100,000).
- Supplier CSR Questionnaire to assess CSR practices of suppliers, sometimes used as a due diligence process to flag underperformance, for scoring in the Request for Proposal (RFP) process, or to identify low performers to move them along the sustainability path.
- Standard CSR tender clauses to put into bid documents which communicate your CSR expectations of vendors, possibly including consequences for non-compliance.

- Product and service CSR specifications and guidelines that lay out, on a product specific basis, your CSR priorities, criteria and specifications, e.g. a green paper policy or green lease policy.
- Evaluation weightings for CSR which determine the value given to CSR in a particular bidding process (often range from five to 20 per cent, depending on the nature of the product/service and the priorities of the organization).
- CSR contract clauses used to specify how the contract is to be carried out with respect to social and environmental practices.

The Co-operators has the following tools and procedures in place:

- A Supplier Code of Conduct to be signed by suppliers over \$50,000 in annual spending.
- A Sustainable Purchasing Questionnaire for strategic suppliers.
- An energy efficiency standard for office equipment, computers, appliances and data centers.
- [Sustainable Meeting Guidelines](#), a tool to assist meeting hosts and conference organizations to improve the environmental and social impacts of meeting and gatherings.

It has also developed draft green lease guidelines, to be implemented over time.

Vancity has these responsible purchasing tools at its disposal:

- Requests for Proposals for strategic suppliers include a clause which states that they are required to be in full compliance with the Ethical Policy and SOVAC; and
- Ethical Policy Self-Assessment Form (questionnaire) for all suppliers for input into the scoring process and to identify underperforming suppliers to support them along the sustainability path.

START SMALL: *To keep it simple, staff from smaller credit unions or those just starting out may prefer to spend a few minutes developing a CSR clause to incorporate into an RFP if they are going out to the market with a bid, or else brainstorming some social and environmental criteria for the product they are sourcing. See the list below for some sample criteria.*

Together, these tools and procedures are designed to signal to the marketplace your sustainability purchasing requirements, and start the process of assessing your product and service options for their sustainability impacts and opportunities. The next component of a sustainable purchasing program, supplier engagement, takes this to a deeper level.

SAMPLE RESPONSIBLE PURCHASING CRITERIA

The following are examples of environmental, and social and ethical purchasing criteria. Some may be appropriate for credit unions to consider for the products they buy.

Environmental:

- Carbon reduction and energy efficiency (e.g. energy efficient in manufacturing product, transportation and use; renewable energy);
- Waste minimization (e.g. durable (as opposed to single use/disposable), recyclable, post-consumer content, refillable, reusable, biodegradable, compostable, minimal packaging, packaging made of recycled and recyclable materials, refurbished, product or waste take-back);
- Toxins, air quality and chemicals elimination (e.g. organic, low VOC, mercury-, asbestos-, methylene-, chloride-, BPA-, PBT-, carcinogen-, dye-, lead-, CFC-free, totally, elemental and processed chlorine-free);
- Water conservation (e.g. water efficient in production and use);
- Biodiversity preservation (e.g. made from rapidly renewable materials, raw materials obtained in an environmentally sound manner, resource efficient, upgradable, FSC, ancient forest friendly);
- Material efficiency (e.g. made with reduced materials); and
- Environmental management (e.g. supplier has environmental policy, certified environmental management system, environmental compliance, conducts life-cycle analysis of products).

Social and Ethical:

- Health and safety promotion (e.g. safety management system, health and safety record, working conditions and product safety);
- Human and labour rights assurance (e.g. avoid child and forced labour, provide fair pay, ensure non-discrimination, freedom of association)(see Co-operators Supplier Code of Conduct for list of international labour standard items, in resource section);
- Community benefits (e.g. locally produced, co-operative, Fair Trade, social enterprise, women-owned, minority-owned, disabled—owned, Aboriginal-owned);
- Living wage (e.g. suppliers pay their employees a wage and benefits package that takes into account the area-specific cost of living as well as basic expenses involved in supporting a family); and
- Animal welfare (e.g. cage-free, no animal testing).

LIFE CYCLE ANALYSIS

Life Cycle Analysis (LCA) is a comprehensive assessment of the environmental impacts of a given product or service from raw material to final disposal, in terms of consumption of resources, energy, waste and other pollution. It is related to Total Cost of Ownership (TCO) in that it takes a product's life cycle into account. In the case of TCO, the owner's costs are also evaluated.

4. Supplier Engagement

The biggest gains in responsible purchasing are to be found in supplier relationships. Rather than screening out underperforming suppliers, a good responsible purchasing program proactively engages them on a path of continuous improvement. Advanced purchasers establish outreach programs to suppliers, orienting them to their CSR priorities, and communicating the business case for participation. Suppliers that fail to meet their standards are encouraged to complete reasonable and mutually agreeable action plans that close the gap. It is only in the rare case of extreme negligence or violations of core principles that supplier relationships are terminated.

Typically a supplier engagement program would be undertaken with “strategic suppliers” which are high volume and high risk suppliers, such as those over a significant dollar threshold in terms of purchases or which are high profile in the organization, such as promotional products and marketing materials. (Vancity defines its strategic relationships as those that are high financial or reputational risk, expenditure over \$250,000 annually, an outsourced relationship, or a designated Business Continuity Plan key business partner.)

The program could consist of workshops and forums on key issues such as greenhouse gas (GHG) reduction, water and waste management, social enterprise purchasing, or sustainability best practices. Or it might consist of a simple face-to-face continuous improvement meeting to brainstorm ways to reduce packaging or the GHG impact of the product’s transportation costs.

Minimally you will want to let your suppliers know what you’re looking for and orient them to your new process.

The nature of your program will depend on who your suppliers are, the impacts their products, services and operations have and the capacity of your organization to spend time on engagement. Some buyers position their supplier engagement as a means to support them in becoming customers of choice, and building a strong and loyal supply base. Optimally, supplier engagement can result in product, service and process innovations, generating valuable benefits for both partners.

The Co-operators are at the beginning phase of its engagement efforts. It has begun to meet with both its strategic suppliers (high dollar value or high risk) as well as its regular suppliers that have not yet signed their Code of Conduct in order to discuss the intent of it. Relationships with a number of suppliers are evolving now that The Co-operators has communicated its sustainability commitment to the point where suppliers are raising sustainability matters and showing their progress. In the future, The Co-operators plans to proactively engage with the suppliers which rank low on the sustainability questionnaire (i.e. those that rank first or second on a four-point scale) in discussions about how they can improve their sustainability performance.

Vancity conducts formal screens of strategic suppliers based on its Ethical Policy to identify non-aligned relationships. It either discontinues business with non-aligned suppliers or puts action plans in place to address key concerns. It conducts ethical reviews every other year over the life of the supplier relationship to ensure alignment. In 2010 it conducted a third-party screen of its own practices to ensure policy alignment. (*Source: Vancity's 2010 Accountability Report*).

You will also want to ensure you have thought through your approach to supplier monitoring and compliance. What procedures will you establish to assure your organization and its stakeholders that it is implementing its sustainable purchasing commitments? Some organizations audit their suppliers on a periodic basis, sometimes by requiring paper evidence of supplier claims, other times engaging a third party at either their or the suppliers' expense, to confirm compliance.

START SMALL: *Credit unions with limited resources might invite a supplier to a meeting to discuss the credit union's social and environmental purchasing priorities and brainstorm ways the supplier can improve the social and environmental impact of its products, services or processes.*

5. Collaborations and Partnerships

As co-operatives, credit unions know the benefit of collaborating and partnering. In a mature responsible purchasing program organizations typically partner with other buyers to share knowledge and best practices, to combine their purchasing power to increase their influence with suppliers, and to collaborate on tool development. If this interests you, consider other buyers in your local community who might share your interests, such as a local government, hospital, college, non-profit or small business. Or possibly collaborative gains can be realized by partnering with other credit unions and co-operatives. In your community you may wish to join forces with interested organizations to develop standard responsible purchasing criteria or questionnaires to reduce supplier fatigue and create efficiencies.

Both Vancity and The Co-operators have been sponsors of the [BuySmart Network](#), a non-profit program which brings purchasers together to learn about, and collaborate on, sustainable purchasing (see resources section for details).

THREE-WAY COLLABORATION BETWEEN CREDIT UNIONS

Vancity and two other credit unions collaborated in tendering armoured car services in 2006. Vancity's responsible purchasing policy and process were incorporated as evaluation criteria in the group RFP and decision process.

6. Measurement and Reporting

A measurement, tracking and reporting system is an important component of a successful responsible purchasing program. It is only through monitoring your performance that you will be able to assess whether you have achieved your goals and when progress has been made. Your metrics should be designed to help you measure your responsible purchasing goals. A typical measure is the number and dollar volume of suppliers who have signed a Code of Conduct, compared to the total volume of purchases. Many organizations when starting out find this difficult because they realize they lack the information systems to track overall purchasing. Often times when designing this part of the program organizations start to invest in better systems to monitor overall spending in the organization. This can lead to many other efficiencies and cost-savings but it can be challenging.

For those organizations that report on their responsible performance to stakeholders, progress on your responsible purchasing program will be an obvious addition.

The Co-operators, for example, reports annually on implementation of its Sustainable Purchasing Guidelines via its annual Sustainability Report. Metrics from 2009 and 2010 included:

- Number of suppliers who received a sustainability questionnaire in pilot phase (2009)
- Number of suppliers who have signed the Code of Conduct in pilot phase (2009)
- Number of purchasing staff who have sustainability indicators in their performance plans (2009)
- Number of suppliers who have signed the Code of Conduct attesting they have met minimum sustainability performance expectations (2010)

The Co-operators 2011 target is to roll out the sustainable purchasing program to existing corporate suppliers and embed sustainability considerations in request for proposals. Its 2014 measurement metric is: volume of purchasing in percentage or dollars with strategic suppliers which have signed the Code of Conduct and ranked third or fourth out of four on the sustainability questionnaire.

Vancity's 2010 Accountability Report included the following:

- Total formal Ethical Policy screens for strategic relationships: 57 suppliers
- Known non-aligned relationships (i.e. relationships that didn't align with its Ethical Policy): 3 suppliers
- Organizations it discontinued or declined to do business with based on non-aligned Ethical Policy screens: 2 suppliers
- Relationships awaiting appeals or development of action plans to address concerns: 1 supplier
- Of known-non-aligned relationships, percentage with action plans in place to address key concerns: 0 suppliers

Vancity reports that it has also improved its systems to accurately capture non-aligned relationships, appeals and tracking to help it set and follow up on action plans for how it will engage with non-aligned suppliers to address its concerns.

Don't forget to also track your cost-savings. This can be a strong foundation on which you can build out your future program.

By tracking and reporting your results, you become more focused on your performance, and better able to spot gaps and identify opportunities for improvement. It can create the necessary organizational discipline to ensure you achieve the responsible purchasing goals set by your organization. Better still, it is the basis on which you can truly celebrate your successes!

START SMALL: *Smaller credit unions could benefit from keeping track of their sustainable purchasing efforts. They could document their results, distribute a case study to staff and other suppliers, and post this information on their website or include it in their CSR report.*

START SMALL: A Basic Responsible Purchasing Program

Smaller credit unions or those just starting out in responsible purchasing may wish to focus on the following key elements as a simpler approach:

Policy: Develop a responsible purchasing policy that articulates your philosophy and priorities (see the appendix for a sample policy).

Strategy: Identify some priority products and services to address in the first year.

Accountability: Determine who the lead staff person responsible is and include the deliverables in their performance plan.

Tools and Procedures: Develop an RFP CSR clause if you are going to the market for a bid or draft a list of the product criteria you are looking for (e.g. Fair Trade, organic, toxin-free, energy efficient).

Supplier Engagement: Tell your top suppliers about your new priorities and how it will impact them. If you are switching your product or supplier to a more sustainable option, contact the supplier and let them know your plans and why.

Collaboration and Partnerships: Write up a case study of your experience and share with the local business community.

Measurement and Reporting: Keep track of your initiative. Document your results. Post your case study on your website.

COMMON CREDIT UNION ENVIRONMENTAL PURCHASING CRITERIA

- Reduced packaging
- Biodegradability
- Recycled content
- Recyclability
- Low toxicity
- Fair trade
- Local
- Products made from renewable resources
- Sustainable operations of suppliers

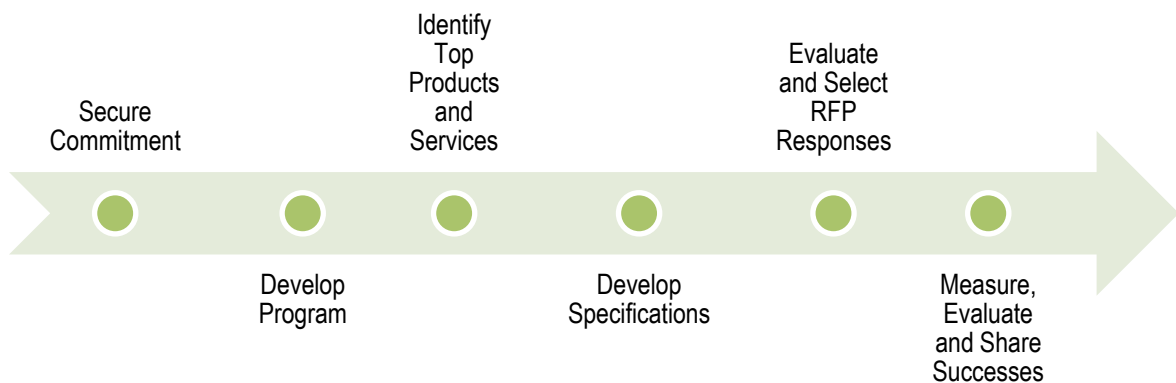
From "Canadian Credit Union Environment Scan", Coro Strandberg, published by SaskCentral, 2010, page 8.



CHAPTER 4: HOW TO DEVELOP A RESPONSIBLE PURCHASING PROGRAM

Now that you understand the components of a responsible purchasing program, this section will review some of the steps to designing and launching the program. The following steps are primarily illustrative, to be tailored to the credit union's unique environment. Credit unions seeking a simplified approach can follow the "Start Small: Simple Steps to Developing Your Responsible Purchasing Program" tips in the text box on page 20.

Figure 2: Six Steps of a Responsible Purchasing Program



Step One: Secure Commitment

An early step should be to secure senior management and board commitment to responsible purchasing. This usually comes in the form of a Responsible Purchasing Policy or commitment statement (see appendix for a sample). It is helpful to also prepare the business case or identify the drivers for the development of a responsible purchasing approach. This is assisted by the prior existence of an overarching CSR commitment or strategy for the organization to frame the priority to develop a responsible purchasing policy. Consider consulting stakeholders in preparing your policy. Vancity's Ethical Policy was developed through consultation with members and employees, and representatives of social change community organizations. As well, Vancity's key strategic suppliers were engaged in a focus group discussion during the development of the social and environmental procurement guidelines for the Purchasing Policy in 1999. The Co-operators consulted suppliers and four environmental and ethical sourcing non-governmental organizations on its policy, guidelines and supplier code of conduct.

Step Two: Develop Your Program

In conjunction with the development and approval of your policy, or possibly afterwards, you will want to develop your responsible purchasing program, which is likely to have some elements of goals, an accountability framework, tools and metrics for measuring and tracking. These components were defined in Chapter 3.

Step Three: Identify Top Products and Services

After your policy has been adopted and your program formalized, you will need to apply the policy to your procurements for the coming period. To break this task down, you have a few options. One way would be to scope out your strategic suppliers – such as those where you spend the most money (e.g. those over some dollar threshold or your top 10 suppliers) or where the products or services are high risk (for example highly visible such as promotional products and corporate apparel) – and begin your process there. Another way would be to identify your sourcing needs for six or 12 months and prioritize those products and services which have the biggest opportunity of success or the biggest environmental or social gain to be made, or possibly the greatest chance for cost-savings. A final way would be to use your organization’s overarching CSR commitment to be your guide, for example if there are pre-existing commitments to Aboriginal people, to social inclusion, or to greenhouse gas reductions you will want to target those procurements which can help you achieve those goals.

As you take on this scoping task, it will be important to scale the priority procurements to your organization’s resource capacity. A general rule of thumb is to start small, go after low hanging fruit, achieve financial benefits where you can and demonstrate success early.

Don’t overlook your service contracts, such as armoured car, courier, cleaning, marketing, printing, legal, accounting, and HR. As Westpac – an international financial services company based in Australia – [found](#), many of its contracts were with professional service firms, creating an opportunity to engage with service suppliers to advance supply chain sustainability. This guide includes a list of typical “Credit Union “Hot Spot Products” for environmental impacts on page 2.

At this stage depending on their priorities and interests, organizations either prioritize a group of suppliers to engage with, or a list of products and services to source using CSR criteria. Some organizations have the capacity to work on both fronts. The next steps focus on the product sourcing priority.

Step Four: Develop Responsible Purchasing Specifications

With your shopping list in hand, now is the time to conduct the research to determine the social or environmental criteria you wish to incorporate into your solicitation documents or your shopping trip. There are many resources available on line for this task and some included in the resource section below. It is easiest to use existing third party certification standards such as [ENERGY STAR®](#) or [EcoLogo™](#) as criteria, so use them where you can. The website "[Ecolabel Index](#)" is a searchable database of over 300 certification systems in the world which can be used to identify relevant standards for your product or service.

There are fewer standards for social criteria, apart from [Fair Trade](#), [health and safety](#) standards, and compliance with [international labour standards](#), so some innovation will be required by the purchasing team. This guide includes a list of social and environmental criteria on page 13, and a list of paper purchasing criteria used by credit unions on page 23.

Once you have determined your selection criteria, it is advisable to weight and prioritize them compared to other factors, such as price, quality and service. This is where you answer: "how much of an impact will CSR have on our buying decisions?" For example, price and quality could be worth 30 per cent; service worth 20 per cent; and the CSR component 20 per cent. The CSR component could be further broken down into the operating practices of the supplier and the CSR qualities of the product.

You are now in a position to incorporate these criteria into your bid documents. If you have developed a CSR questionnaire for suppliers (as discussed in the earlier section), you can send out this questionnaire as well, and ask suppliers to complete the questions in the survey.

Step Five: Evaluate and Select RFP Responses

With your evaluation scorecard developed in step four you will be reviewing supplier proposals to assess top performers on traditional criteria as well as on your sustainability criteria. Some credit unions may prefer to outsource supplier CSR screening. The [Social Investment Organization](#) can be a resource to those looking for a provider of CSR screening services.

Once you have completed your selection process you will likely wish to include your CSR requirements in your agreement with the supplier by way of contract clauses. Let unsuccessful bidders know if their low CSR scores were a factor.

CATALOGUE YOUR “SPEC LIBRARY”

Be sure to keep track of the CSR custom specifications you have developed in a “spec library” as they are sometimes called. That way you can return to them when you need them again. For example, a custom specification clause for janitorial paper products might stipulate:

“Paper products made from one hundred per cent (100%) recycled fibre and paper product cores are made from one hundred per cent (100%) recycled material and are available in natural, natural white and white; products hold a third party environmental certification, such as Green Seal, EcoLogo or equivalent; do not use chlorine or any of its derivatives such as hypochlorite or chlorine dioxide.”

Clause from the City of Vancouver RFP for the supply and delivery of janitorial and cleaning supplies.

Step Six: Measure, Evaluate, and Share Successes

After a pre-determined implementation period, it will be helpful to assess your progress and learn from your experience. Some organizations maintain an annual tracking system which documents each responsible purchase, the social or environmental benefits, and the financial impacts, including the cost-savings. This can be turned into case studies and success stories to share within and outside the organization. It is very important that you set up a measurement system, as reviewed in the earlier section, to track your results and keep abreast of your achievements and gaps. This will allow you to course correct as needed. And don't forget to celebrate your milestones.

The next chapter will profile some current responsible procurement practices at Canadian credit unions. It is still early days, but there are a number of approaches which can help inform your program.

START SMALL: Simple Steps to Developing Your Responsible Purchasing Program

1. Develop and communicate your commitment to responsible purchasing.
2. Identify one to two products or services you are purchasing in the next six months and research your CSR criteria.
3. Go to the market with your CSR criteria. Evaluate your options and make a selection.
4. Document and share your experience.
5. Repeat.



CHAPTER 5: EXAMPLES OF RESPONSIBLE PURCHASING IN PRACTICE

Many credit unions are involved in sustainable purchasing, though generally on an informal basis. As profiled in SaskCentral's "Canadian Credit Union Environment Scan", four credit unions were found to have adopted policies and checklists to guide buyers in their sourcing decisions:

"The checklists included decisions related to the recyclability of the product, the product's life cycle, the product's impact on the earth's crust, the environmental benefits of the product, and the sustainable operations of the supplier who produces the product (including how the supplier manages its GHG emissions). Two credit unions explicitly incorporate environmental factors in their request for proposal (RFP) process."⁴

The scan found credit unions relying on the following environmental certification programs to verify environmental compliance of their purchases and approaches:

- Forest Stewardship Council (FSC) for wood and paper products
- Green Seal for construction materials and equipment, paints, paper and cleaning products, etc.
- Ecologo™ including building, cleaning and electricity products, office furniture, services, etc.
- ENERGY STAR® for energy efficiency
- Fair Trade for coffee, tea and sugar
- Green Guard for air quality
- CSA ISO 14064 standard for greenhouse gas emissions
- CRI Green Label plus for carpets and adhesives⁵

PAPER IS A TOP RESPONSIBLE PURCHASING PRIORITY FOR CREDIT UNIONS

In conjunction with reducing paper consumption, many credit unions have switched to using recycled content copy paper with 30 to 100 per cent recycled content. Other green paper features used by credit unions include:

- Chlorine and acid-free
- Vegetable-based inks and varnishes
- FSC certified as sustainably harvested
- Green Seal Certified as environmentally responsible (paper towel and toilet paper)
- Purchase from green printing companies that purchase renewable energy to run their operations

"Canadian Credit Union Environment Scan", Coro Strandberg, published by SaskCentral, 2010, page 7.

⁴ Canadian Credit Union Environment Scan, page 9

⁵ Ibid, pages 8-9.

CONEXUS GIFTS ARE GREEN

When purchasing promotional items Conexus Credit Union sources green options such as jump drives made out of bamboo, scrapers made of corn plastic, hemp tote bags, pens made of paper and computer power saver buttons.

"Canadian Credit Union Environment Scan", Coro Strandberg, published by SaskCentral, 2010, page 23.

Servus Credit Union in Alberta has plans to develop a formal responsible purchasing policy. In the meantime, it continues to pursue a number of opportunities through their purchasing, including:

- Bulk purchasing to reduce packaging, where cost advantageous and still convenient.
- Housekeeping service contracts that require use of green cleaning products that are either Green Seal or Ecologo™ Certified.
- Landscaping design services aimed to reduce water runoff, capture water for irrigation, and plantings that use less water (e.g. Drought tolerant plants).
- Purchasing FSC certified copy paper and green seal certified hand towel and toilet paper that uses only 100 per cent of recycled material and is processed chlorine-free.

In Nova Scotia, Bergengren Credit Union's purchasing policy stipulates that consideration should be given to environmental, social and economic responsibility before the purchase is made. It stipulates that the life cycle of the product (from production to distribution, packaging, end use and recycling) needs to be taken into account. Items that are made from 100 per cent post-consumer products or recycled material that can be recycled, reused or have a long life span are given first consideration in keeping with the credit union's "green" initiative plans and direction.

Also in Nova Scotia, iNova Credit Union uses a green procurement checklist for purchases which prompts staff to consider alternatives, the product life cycle and the impact of the product on the earth's crust. Their goal is to use recycled content products when possible.

Assiniboine Credit Union in Manitoba has a standard template for RFPs and highlights the credit union's commitment to do business in a way that is socially, environmentally and ethically responsible and gives preference to suppliers who demonstrate an ethical business approach, including a commitment to sound social and environmental practices. Environmental specifications are incorporated into RFPs as appropriate. Weighting is given to environmental factors and ethical business approach in evaluating proposals. Examples include RFPs for recycling services and office supplies.⁶

⁶ Vancity, Bergengren, iNova and Assiniboine Credit Union profiles are adapted from the Canadian Credit Union Environment Scan (2010). Some of Vancity's profile is excerpted from their 2008 and 2009 Accountability Report.

RESOURCES

Sample Responsible Purchasing Policies:

SaskCentral's Purchasing Policy:

www.saskcu.com/saskcentral/Pages/Purchasing%20Policy%20Details.aspx

Co-operators Purchasing Policy:

www.corostrandberg.com/wp-content/uploads/files/The-Co-operators-Corporate-Sustainable-Purchasing-Program-and-FAQ.pdf

Vancity Credit Union's Ethical Policy:

www.vancity.com/MyCommunity/OurVision/InnovationAndResponsibility/VancitysEthicalPolicy/EthicalPolicy/

Resource Organizations:

BuySmart Network:

<http://www.buysmartbc.com/>

The BuySmart Network helps organizations learn how to purchase products and services that offer social, economic and environmental benefits and to create a sustainable purchasing strategy that supports their goals. The website offers tools and tips for implementing a sustainable purchasing policy. Both Vancity and Co-operators have been sponsors of this organization.

UN Global Compact Sustainable Supply Chain Website: Resources and Practices:

<http://supply-chain.unglobalcompact.org/site/about/>

Canadian Social Enterprise Marketplace:

Provides a searchable database of social enterprises across Canada

<http://www.secouncil.ca/en/marketplace>

Ecolabel Index:

International directory of ecolabels

<http://www.ecolabelindex.com/>

Tips and Guides:

10 Ways to Start or Enhance your Sustainability Purchasing Strategy:

http://www.buysmartbc.com/Library/Resources/resource_bsn_tips_to_start.pdf

Top 10 Sustainability Shopping List:

<http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/rs00550.html>

Guide to the Business Case and Benefits of Sustainability Purchasing:

http://www.buysmartbc.com/Library/Resources/resource_bsn_business_case_to_sustainability_2008.pdf

Sample Local Purchasing Policy:

<http://www.bcorporation.net/resources/bcorp/documents/B%20Resource%20-%20Local%20Purchasing%20Policy.pdf>

Stories of Suppliers' Experience of Sustainable Sourcing:

[http://www.westpac.com.au/docs/pdf/aw/SSCM Case Study 0 Foreword 1.pdf](http://www.westpac.com.au/docs/pdf/aw/SSCM_Case_Study_0_Foreword_1.pdf)

10-year Journey of Sustainable Supply Chain Management at The Westpac Group

<http://www.westpac.com.au/docs/pdf/aw/wbc-group-sscm-case-study.pdf>

APPENDIX

Sample Responsible Purchasing Policy

1.0 Introduction

Main Street Credit Union is committed to modeling corporate social responsibility in the community. As part of this commitment we seek to integrate our social, ethical and environmental values into our procurement decisions. The purpose of this policy is to align our procurement decisions with our CSR values, to encourage greater CSR performance of our supply chain and to improve the quality of life for our employees, members and communities today and for future generations.

This policy covers all our direct sourcing, but does not include branch construction and renovations which are included under our Green Building Policy. Full implementation of the policy will be phased in over time.

2.0 Our Priorities

We seek to do business with those organizations that reflect our values. Thus, we have the following responsible purchasing priorities:

Environment:

- Energy conservation and GHG emission reduction
- Waste reduction
- Toxin elimination
- Water conservation and quality
- Conservation of natural resources
- Maintenance of biodiversity

Ethical and Social:

- Worker health and safety
- Human and labour rights
- Local, co-operative and social benefit

3.0 Our Commitment

Main Street Credit Union will:

- Seek products and services with positive social, ethical and environmental attributes
- Seek suppliers who are leaders in CSR management
- Include minimum CSR standards in our supplier documents
- Include a minimum 10 per cent weighting for CSR criteria

4.0 Our Relationships

We value our relationships with our staff, our suppliers and others who are directly affected by our purchasing practices. We will engage our staff in our responsible purchasing process, ensuring they understand and are aware of our commitments. For our suppliers, we will maintain a co-operative approach, working with them to improve the sustainability impacts of the supply chain.

5.0 Our Accountability

The Board of Directors has approved this policy and is responsible to provide oversight over ongoing policy implementation.

The Facilities Manager is responsible for day-to-day implementation of this policy, including setting goals and targets and identifying annual priority procurements, and measuring and reporting results to the General Manager and the Board of Directors.

The policy will be reviewed every five years.

Policy Approved	Signature	Name	Date
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**Credit Union
Central of Canada**

300 The East Mall, Suite 500
Toronto, ON M9B 6B7
(416) 232-1262
www.cucentral.ca

208-350 Sparks Street
Ottawa, ON K1R 7S8
(613) 238-6747