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A copy of the **full report**, is available on the Cooperators website.

Global Scan of Sustainable Purchasing Practices

A Summary of Highlights from:

International Scan of Sustainability Practices of Insurance and Non-Insurance Companies (September 2010)

A report prepared by Coro Strandberg of

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About...

The Co-operators is one of the largest wholly Canadian-owned multi-line insurers, offering auto, home, life, farm, travel and business insurance as well as investments. They aspire to be a catalyst for a sustainable society.

www.cooperators.ca

The Fraser Basin Council (FBC) is focused on advancing sustainability throughout the Fraser River Basin and beyond. The FBC's long term vision for sustainability is "social well-being supported by a vibrant economy and sustained by a healthy environment".

www.fraserbasin.bc.ca

The BuySmart Network, a program of the FBC, advances sustainable purchasing through peer to peer networking, training, and advisory serves.

www.buysmartbc.com

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GLOBAL SCAN OF SUSTAINABLE PURCHASING PRACTICES

By Coro Strandberg
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Background

Sustainable purchasing is a key driver of sustainability in the economy. It is through the supply chain that buyers signal their commitment to fostering social well-being, economic prosperity and a healthy environment, thereby incentivizing continuous improvement in supplier sustainability performance. With sustainable purchasing goals, policies and tools buyers are also better able to manage the social and environmental risks inherent in their supply chain and pursue innovation and efficiency objectives for their organization.

The integration of social and environmental considerations in the procurement process is a relatively new phenomenon. Over the past few years as more and more organizations adopt a sustainability or corporate social responsibility (CSR) commitment, they begin to embed their sustainability values into their purchasing models as a key means by which they can “walk their talk”. (See a copy of [The Co-operators Sustainable Purchasing Program](#).)

To better understand emergent sustainable purchasing approaches, The Co-operators commissioned Strandberg Consulting to conduct a global scan of 17 insurance and non-insurance company practices in this area. This was part of a broader scan that assessed sustainability practices in twenty topic areas, including governance and management systems, products and services, investment and asset management, and carbon management. (See a copy of the full report, [International Scan of Sustainability Practices of Insurance and Non-Insurance Companies](#).)

This briefing document provides an overview of this research into global sustainable purchasing practices.

Study Highlights

The study concluded that sustainable purchasing is a priority activity of many companies. Companies are developing robust programs that integrate sustainability factors into the traditional procurement process, through the use of sustainability criteria, terms and conditions, codes of conduct, monitoring and compliance programs, and supplier education and engagement.

In addition to “screening” factors (screening in / out on the basis of preferred sustainability criteria), many companies are collaborating with suppliers on continuous improvement.

The scan found that sustainable purchasing efforts are focused on two considerations:

- the degree to which the vendor manages its operations sustainably, including excess packaging, product take-back, and transportation emissions; and
- the sustainability features of the products and services to be sourced.

In order to simplify and focus the sustainable purchasing effort, companies prioritize key product categories (such as office supplies) or key suppliers (e.g large volume suppliers) for more in-depth work.

Many of the companies were involved in peer-based collaborations within their industry and across sectors to advance their sustainable purchasing practice.

Methodology

The scan surveyed the sustainability purchasing practices of 17 companies as documented in their sustainability reports (primarily for the 2008 operating year), occasionally supplemented by website information, to determine their approach to the integration of social, environmental and ethical considerations into their purchasing approaches.

The following companies were included in the scan:

Insurance/finance companies

- Allianz
- American International Group
- Aviva
- Co-operative Insurance Society
- Desjardins
- Insurance Australia Group
- Manulife
- mecu
- Nationwide Insurance
- RBC
- Swiss Re
- TD Financial
- Vancity Credit Union

Non-insurance companies

- BC Hydro
- Marks & Spencer
- Seventh Generation
- Mountain Equipment Co-op

Study Results

The following is the summary of the sustainable purchasing practices of these 17 companies, excerpted from the “International Scan of Sustainability Practices of Insurance and Non-Insurance Companies”. While the bulk of the practices are those found in financial and insurance oriented companies, they can be generalizable to other services companies. In addition, the results below were informed by the practices of an energy utility, two retailers and a consumer goods company, all of which are sustainability leaders in their industry.

Sustainable Purchasing Summary

Comprehensive sustainable purchasing programs

- All seventeen companies have comprehensive sustainable purchasing programs many of which include the following components:
 - Incorporate sustainability criteria into RFPs (Requests for Proposals) for all suppliers
 - Many suppliers required to complete a sustainability questionnaire (some beyond a certain \$ threshold / major suppliers)
 - Sustainability criteria are rated in the evaluation process using a ranking and benchmarking or weighting (e.g. sustainability score out of 10%) system
 - Sustainability terms and conditions / clauses are included in contracts (all new contracts and those undergoing renewal)
 - Many suppliers required to sign a Supplier Code of Conduct (SCC) on environmental and social standards
 - Many develop product specific guidelines for 'hot spot' products
 - Many have monitoring and compliance programs such as annual or regular independent audits to assess performance against SCCs to identify areas needing improvement
 - Staff training on sustainable purchasing program is provided
 - Reporting on sustainable purchasing results and impacts is a regular feature
- Supplier engagement initiatives are typical:
 - Leading purchasers hold sustainability workshops and forums for suppliers on key issue areas such as GHG, water, and waste management, diversity and inclusion, and generic sustainability best practices
 - Companies are working with suppliers to develop key performance indicators (KPIs) for GHG emissions, waste and water
 - Companies establish supplier websites, checklists and other tools to help suppliers build sustainability into their operations
- Many engage in collaborations and partnerships with others, such as peer-based networks (e.g. Chartered Institute of Purchasing and Supply Financial Services' Purchasing Forum CSR sub-committee, which has 30 major financial institutions participating, BuySmart Network, Fair Labour Association, etc.)

Companies establish sustainable purchasing criteria as a means by which to integrate their social and environmental priorities, including:

- Fair trade
- Biodegradability
- Recycled content
- Recyclable
- Reduced packaging
- Forest Stewardship Council (FSC) certified
- Product take back
- Low Volatile Organic Compounds (VOC)
- Totally, elemental and processed chlorine free
- Soy-based inks
- Dye-free

Sustainable Purchasing Summary

- Low impact shipping
- Environmental policies / certified environmental management systems
- Life-cycle analysis
- Energy efficiency
- Non-toxic
- Environmental compliance
- Water quality and usage
- Waste management
- GHG emission management
- Environmental certifications
- Aboriginal ownership
- Local production
- Supplier diversity
- Labour standards and employment practices
- Health and safety
- Human rights
- Accessibility for people with disabilities
- Products whose sales support a worthy cause
- Like-minded businesses

They reference the following product categories as priorities:

paper, envelopes, business cards, client statements, and marketing materials; office supplies, furniture, equipment, and appliances; cleaning materials / services; promotional items; coffee; building materials (including carpets, paint, etc.)

Many companies report on their sustainable purchasing progress through key performance indicators (KPIs), as follows:

- Number and \$ volume of suppliers signing Code of Conduct
- Number of detailed sustainability assessments of major suppliers
- Supplier capacity building
- Number of corrective actions completed

Summary

Many companies and other organizations, such as governments and non-profits, are initiating sustainable purchasing programs, in order to set a course of action to align their purchasing with their CSR or sustainability commitments.

This scan shows a number of practices underway by seventeen leading sustainability companies around the world. By sharing the results of this research, The Co-operators and the BuySmart Network program of the Fraser Basin Council hope this can help other organizations establish a roadmap for moving forward on integrating environmental, ethical and social factors in their supply chains.