

# Sustainability in RFX's



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Cruz

# Agenda

## **Why Sustainable Procurement Matters**

- Importance of Sustainability in Procurement
- How our program fits into wider context

## **UC Sustainable Procurement Program**

- Key Requirements
- UC Sustainable Procurement Goals

## **Addressing Sustainability in Bids**

- Different elements of sustainability to consider
- Best Practice Sourcing Process walkthrough

## **Resources**

- Where to go for resources and support

# Why Sustainable Procurement Matters

**What we purchase has a real and significant impact** on our ability to be sustainable internally and drive innovation externally.

Our big operational goals – **Zero Waste, Carbon Neutrality, Water reduction, ...** - are just the tip of the iceberg when it comes to GHG emissions.



## Operations

## Supply Chain

Analysis done of State of CA spend estimates that California's **supply chain GHG emissions are 8 times greater** than those from operating all its buildings and fleets!

**Non-IT Services** make up **90%** of their spend!

## GHG Emissions from Public Institutions



Source: West Coast Climate Forum

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**Operations**

**Supply Chain**



**Cambodian female workers in Nike, Asics and Puma factories suffer mass faintings**

**Sportswear brands review spate of incidents in factories where employees on short-term contracts work 10-hour days in soaring temperatures**

estimates  
missions are  
rating all its

ir spend!

**GHG Emissions from Public Institutions**



Source: West Coast Climate Forum

Source: Karen McVeigh, The Guardian, 2017

# Why Sustainable Procurement Matters

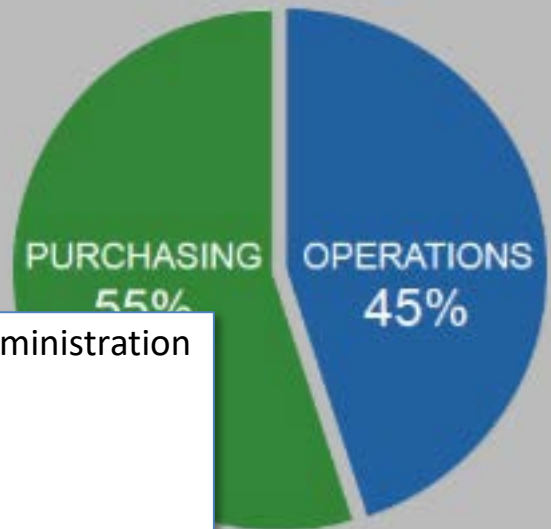
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**Operations**  
Supply Chain

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## CALIFORNIA



3.9 million Small Businesses  
99.8% of California Businesses

7.0 million Small Business Employees  
48.8% of California Employees

Source: U.S. Small Business Administration



**EMPLOYMENT**  
283,452  
net new jobs



**DIVERSITY**  
1.6 million  
minority-owned  
businesses



**TRADE**  
70,350  
small business  
exporters

Coast Climate Forum

# Why Sustainable Procurement Matters

- Procurement decisions on large scale can change industries!
  - UC spends >\$8B annually on goods and services
  - Our program was informed by and aligns with other local, national and global initiatives
- Procurement decisions can drive UC's mission in all areas of sustainability – economic, social and environmental

## ***Challenges we face....***

- Procurement covers a wide variety of goods and services
- A mature program requires investment of time and resources to build up knowledge base

# Key Sustainability Requirements in Policy

UC sustainable procurement requirements can be found in –

- [Sustainable Practices Policy and Sustainable Procurement Guidelines](#)
- [UC Terms & Conditions of Purchase](#) (see article 22)
- [Required Supplier Information](#) form (see section C)

## Key Requirements to know

- Policy includes robust **packaging standards** and requirements
- Policy sets new **requirements for systemwide strategic suppliers**
  - Must identify products that meet UC standards in hosted/punchout environments
  - Must report quarterly on purchasing activity and annually on sustainable business operations
- The policy requires a minimum of **15% of the points** utilized in competitive solicitation evaluations to be **allotted to sustainability criteria** (to take effect in July 2019)
- Waste Policy section impacts...
  - The University prioritizes waste reduction in the following order: **reduce**, reuse, and then recycle
  - Zero Waste goal by 2020 impacts all purchasing decisions
    - Consider all products recyclable/compostable, focus on takeback programs, etc.
    - The University has disallowed the use of expanded plastic **foam** materials by 2020

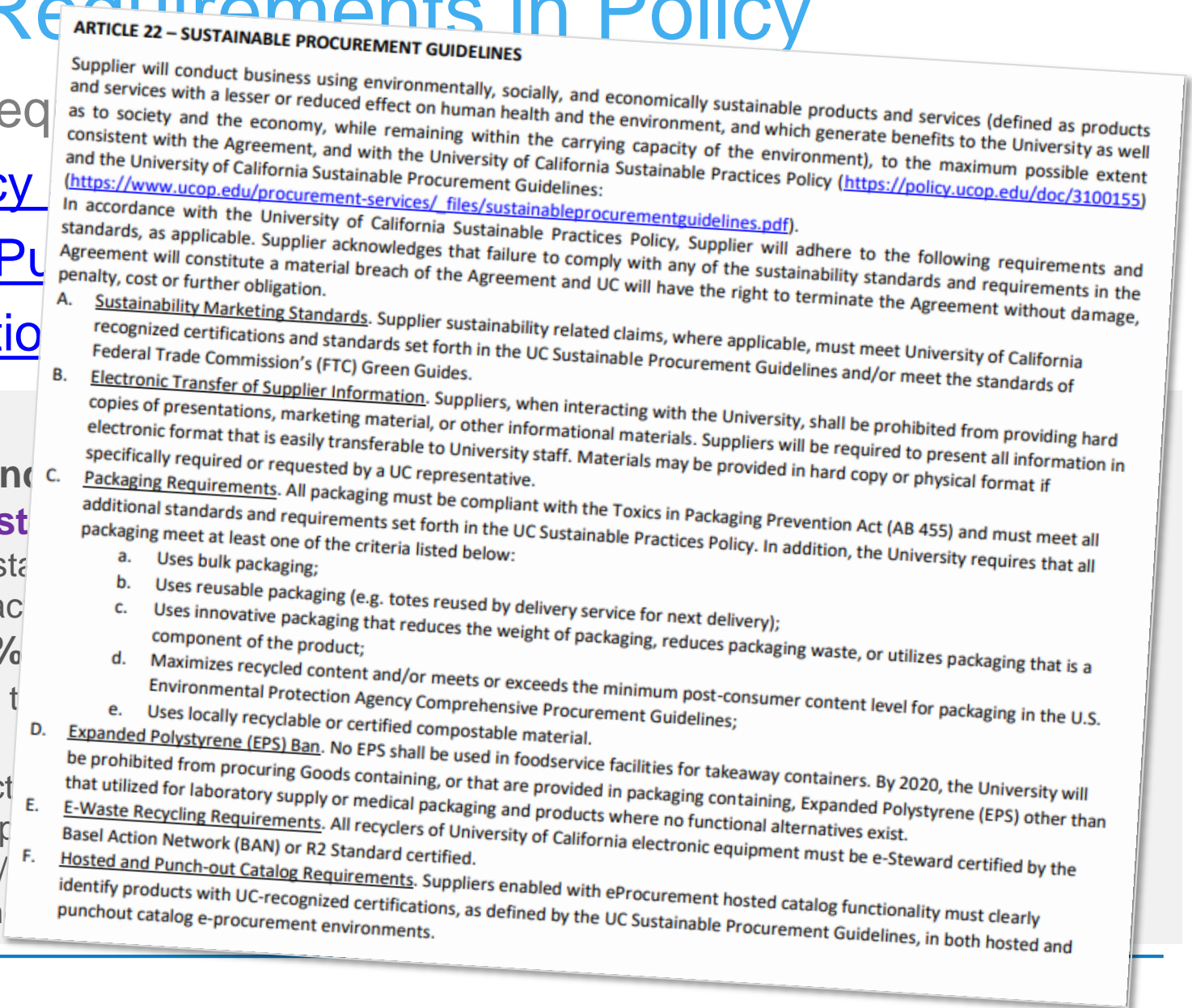
# Key Sustainability Requirements in Policy

UC sustainable procurement requirements

- [Sustainable Practices Policy](#)
- [UC Terms & Conditions of Purchase](#)
- [Required Supplier Information](#)

## Key Requirements to know

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  - The University prioritizes waste reduction
  - Zero Waste goal by 2020 impacts all purchases
    - Consider all products recyclable/
    - The University has disallowed the





# UC Procurement Goals

*New Policy sets the following purchasing targets*

## Within 3 Years

Reach **100% compliance** with Required Level green standards and **25% Preferred Level Green Spend** for select product categories.

## Within 5 Years

Reach **25%** addressable spend with **Economically & Socially Responsible Suppliers**

### Current Product Categories with Green Spend Goals and minimum criteria:

- Electronics
- Office Supplies
- Indoor Office Furniture
- Compostable Food Service Ware
- Water Appliances/Fixtures

### Current Supplier certifications with EaSR Goals:

- Small Business
- Disadvantaged Business
- Women-owned Business
- Minority-owned Business
- Veteran-owned/Service Disabled Veteran-owned Business

## *How will we achieve our goals?*

- Change our **buying behaviors**
- Change our **Sourcing practices** (*focus of today*)

# Sourcing & Sustainability

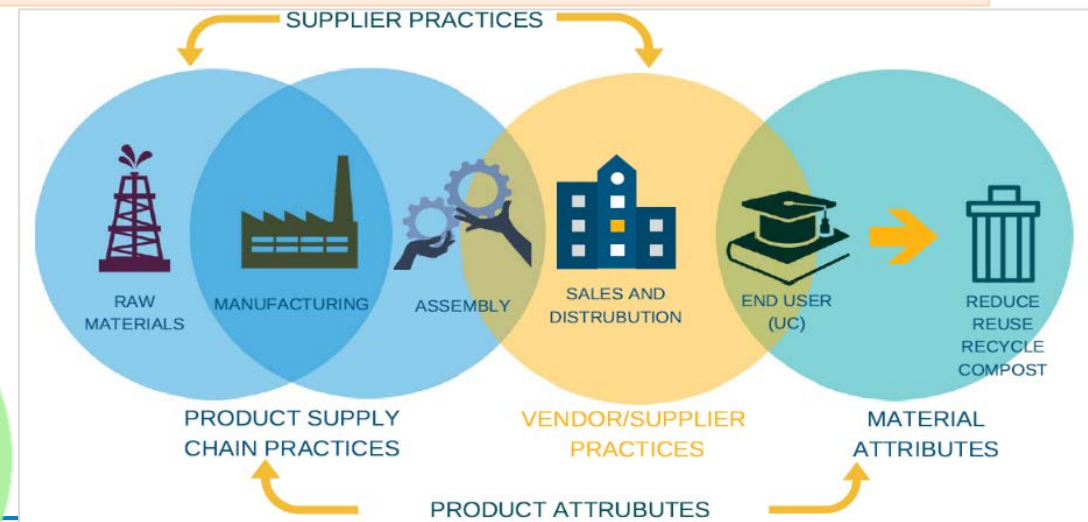
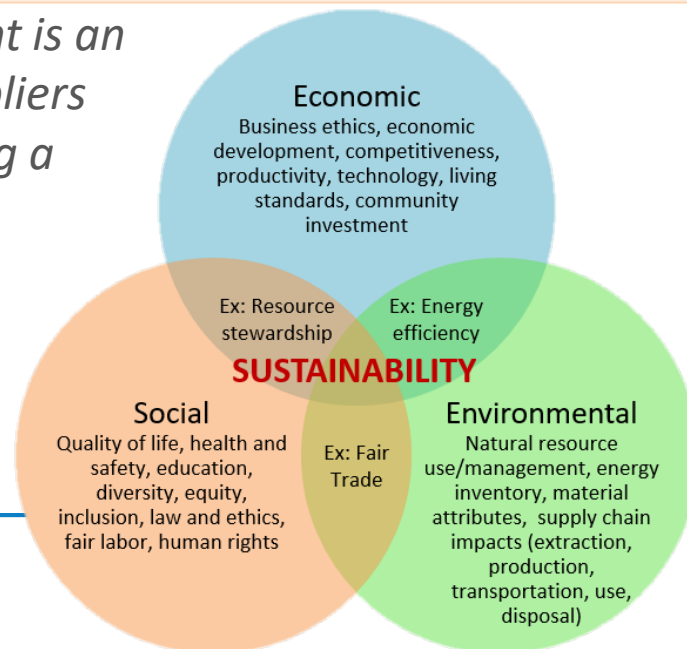
Note that this valuation of points covers the entirety of the RFP award (including cost)

## New Sustainability requirement for all competitive solicitations

Each University's Procurement department will integrate sustainability into its processes and practices, including competitive solicitations, **in order to satisfy the sustainable purchasing goals** outlined above **for products**, as well as for the procurement of **services**. The University will do so by:

- a. **Allocating a minimum of 15% of the points utilized in solicitation evaluations to sustainability criteria.** Criteria may include, but is not limited to, sustainable **product attributes**, **supplier diversity**, **supplier practices**, **contributions to health and wellbeing**, and **materials safety**. This requirement will go into effect on **July 1st, 2019**. Exceptions to this policy may only be granted by the appropriate Policy Exception Authority.

*This minimum criteria requirement is an important message to all UC suppliers that we are serious about creating a sustainable environment for the communities we serve.*



# What might sustainability criteria include?



## Economic Impacts

Business ethics, economic development, competitiveness, productivity, technology development, living standards, community investment

### *In Practice*

Codes of Conduct, Ethical Business Practices, Sustainability/CSR Reporting, Investment policies, long range planning, economic diversity programming



## Environmental Impacts

Human health concerns, global warming, natural resource depletion, habitat destruction

### *In Practice*

Environmental Policies, natural resource use/management, energy inventory, supply chain impact assessments (of raw material extraction, production, transportation, use, and disposal)



## Social Impacts

Business ethics, equality, diversity and inclusion, access, human rights, health, safety and social well-being

### *In Practice*

Accessibility, FFWF, labor practices (wages, benefits, hiring, education/training), conditions of work and social protection (anti-harassment, discrimination, violence), Human rights declarations, community involvement and development

# Sustainable RFP Criteria

## Previous Practices and common approaches

- Single sections devoted to sustainability
- Bucket type questions
- Low point assignment
- Minimal industry research focused on sustainability

## A fresh take on an old practice

- What other criteria, may be material to sustainability?
- What criteria can be *enhanced* that already includes sustainability?
- What sustainable criteria can be added to augment an RFP?

### EXAMPLE OF EXPANDING YOUR VIEW OF 'WHAT IS SUSTAINABLE CRITERIA' - Desirable (Graded) Criteria/Questions

Expandable criteria, but highlighting other sustainable criteria embedded within the existing questions.

Quest Point Value	Cat Weight	Example 1 - Redistribution of Points using same Criteria	Quest Point Value	Cat Weight	Example 2 - Expanded View of Original Criteria	Quest Point Value	Cat Weight	Example 2 - Expanded view, adding slight revisions
1		1. Fair Trade, Organic, Local products - please detail efforts and ability/philosophy and commitment/process to maintain supplier base		5	1. Fair Trade, Organic, Local products - please detail efforts and ability/philosophy and commitment/process to maintain supplier base		5	1. Fair Trade, Organic, Local products - please detail efforts and ability/philosophy and commitment/process to maintain supplier base
4		2. Company Profile - Please detail company philosophy and administrative policies/practices relative to Sustainability, examples below: a. Mission Statement incorporating Sustainability and/or Environmental Stewardship Profiles b. Administrative practices implemented to reduce energy use and waste. c. Website pages and/or marketing materials developed, specific to your company policy, practices, and achievements		5	2. Company Profile - Please detail company philosophy and administrative policies/practices relative to Sustainability, examples below: a. Mission Statement incorporating Sustainability and/or Environmental Stewardship Profiles b. Administrative practices implemented to reduce energy use and waste. c. Website pages and/or marketing materials developed, specific to your company policy, practices, and achievements		3	2. Company Profile - Please detail company philosophy and administrative policies/practices relative to Sustainability, examples below: a. Mission Statement incorporating Sustainability and/or Environmental Stewardship Profiles b. Administrative practices implemented to reduce energy use and waste. c. Website pages and/or marketing materials developed, specific to your company policy, practices, and achievements

# Sourcing Best Practice Process

## Project Scoping & Bid Development

- Assess sustainability factors of 'ask' (is there a way to make entire bid sustainable)
- Leverage resource information & people
- Confirm all areas of sustainability are incorporated (economic, social and environmental)
- Balance weights appropriately
- Ensure questions are clear and can elicit quality responses

### Example Resources

- RFX library
- Sourcing Guide/Packet
- SPLC
- Supplier Scorecard, IBIS, Explorer

## Bid Release

- Include sustainability information (introduction, T&C's, forms)
- Clearly state importance of sustainability to UC
- If including supplier scorecarding, ensure appropriate time is allowed to respond

### Example Resources

- UC T&Cs
- Required Supplier Information
- Supplier Scorecard

## Bid Evaluation

- Ensure the evaluation team is provided clear guidance on scoring
- Enlist sustainability experts where available (supplier diversity coordinator, SPWG, Sustainability Office, etc.)

### Example Resources

- Sourcing Guide/Packet
- SPWG, other SME
- Sustainability Office
- Supplier Diversity Lead

## Contract Negotiation

- Ensure that all applicable sustainability requirements are included in final agreement (packaging, reporting, catalogues, Green minimum criteria, etc.)

### Example Resources

- UC T&Cs
- Required Supplier Information
- Sourcing Guide/Packet
- - template reporting

## Ongoing Contract Management

- Ensure SRM ongoing is overseen or that contract managers aware of reqs.
- Utilize Scorecard assessment correction action module (if applies)
- Ensure that all stakeholders clearly know what contracts and products meet our sustainability standards
- Work to support buying practices that align with sustainability goals

### Example Resources

- Supplier Scorecard
- SPWG
- Sustainability Office
- Supplier Diversity Lead

### 15% distribution tips!

- At least 5% of bid questions should be custom developed (you can pull many key and relevant questions from the RFX library for remaining 10%)
- Make sure to give points to all areas of sustainability (economic, social and environmental)
- Be sure to include all aspects of opportunity (supplier operations/management considerations and the specific good and/or service being provided)

# Sourcing Best Practice Process

## Project Scoping & Bid Development – What goes into your 15%+ sustainability criteria and why?

**Identify the Need** -work with your stakeholders and subject matter experts to determine...

- Is there a need for the goods or services?
- What are the potential environmental and social impacts and risks
- Consider alternatives to purchasing – for example, reuse, recycling or hire of the goods/services
- Research alternatives that may offer reduced environmental and social impacts
- Define the sustainability aspects of the procurement

IF a Good: Do we need it? Can the need be met by surplus, repair or adaptation of existing material?  
IF a Service: Can we work with suppliers that share our values?

Will transportation be involved?  
How will good be handled at end-of-life?  
Are companies in field meeting ethical practice standards?

How have we satisfied this need in the past?  
Are there new technologies or alternatives to meet need in more sustainable fashion?

# Sourcing Best Practice Process

## Project Scoping & Bid Development – What goes into your 15%+ sustainability criteria and why?

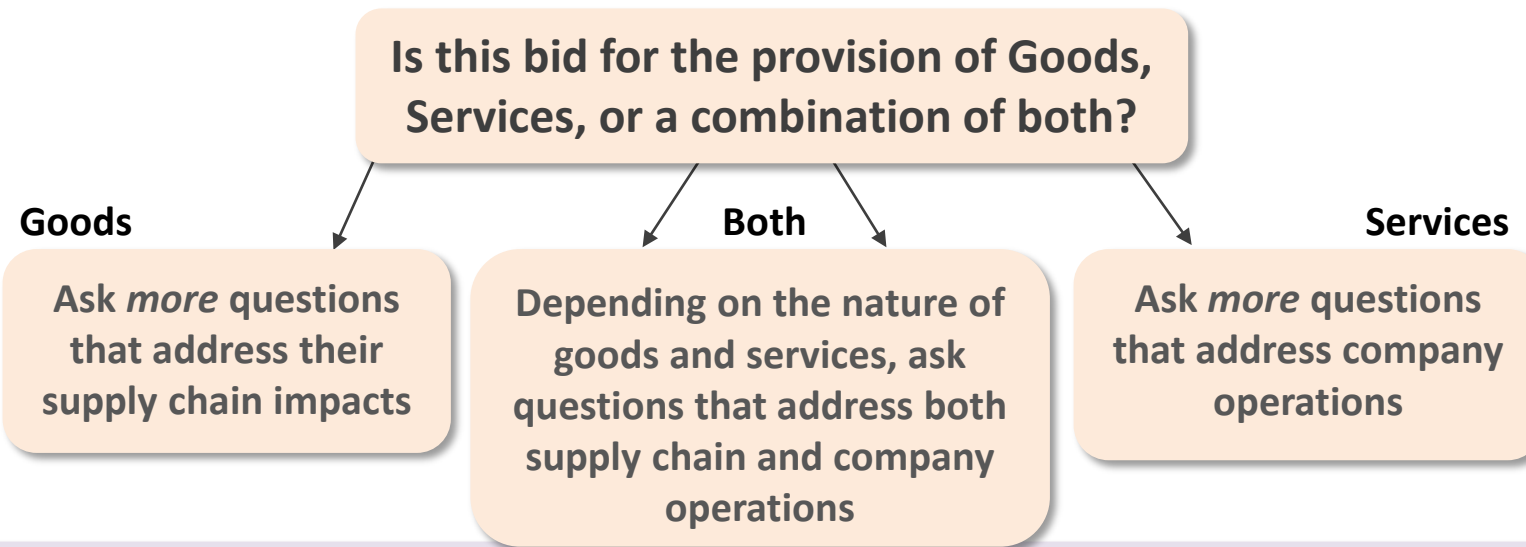
**Develop Criteria Opportunity Profile** by evaluating the supply pool based on industry Type/Category, Sophistication/Size; research key total ownership factors

### Industry Type/Category

- Hint: Look at the existing supplier [NAICS](#) or [UNSPSC](#) classification
- Are you working with service providers, manufacturers, distributors, etc.?

### Sophistication/Size

- Is your supplier pool crowded or dominated by a few large companies?
- Will your supplier pool be largely international, domestic, CA-based?
- Will your supplier pool consist of companies with large employee populations or be smaller in size?
- Are suppliers in the category likely to own or lease their property?



**Industry** research will put you in best position to understand key sustainability impact areas of opportunity

- Consider all 'costs' related to the product or service throughout its entire lifecycle, including the purchase price, installation costs, usage or operational costs, maintenance and repair costs and also any costs associated with the disposal of the asset or service
- Consider broader costs such as resource depletion, unlawful labor practices risk, and the creation of harmful and unusable by-products such as pollution and waste...

# Sourcing Best Practice Process

## Project Scoping & Bid Development – What goes into your 15%+ sustainability criteria and why?

### RFP Team collaboration on Question Development

- Confer on sustainable aspects of category
- Create initial categories & their weights (all)
- Develop questions specific to sustainability - *review RFX question library*
- Develop remaining criteria/questions
- Calculate and balance weights
- Ensure questions are clear and **can elicit quality responses**
- Develop appropriate RFX language to convey importance of sustainability to UC and specific importance to the RFX

Examine remaining questions for possible applicability to sustainability. We often overlook questions related to technical specifications for example that address issues material to sustainability impacts. Can they be clarified or enhanced?

Questions should be clear so evaluators can discern the quality of response – focus on questions about reporting, policy, certifications, etc.



# Sourcing Best Practice Process

## Project Scoping & Bid Development – What goes into your 15%+ sustainability criteria and why?

### Professional Services Question Examples

#### *(open for vague or wide ranging response)*

Does your company have a Corporate Social Responsibility policy (or equivalent), which includes workplace diversity and supply chain practices? Do you track or report certain metrics? If so, please describe.

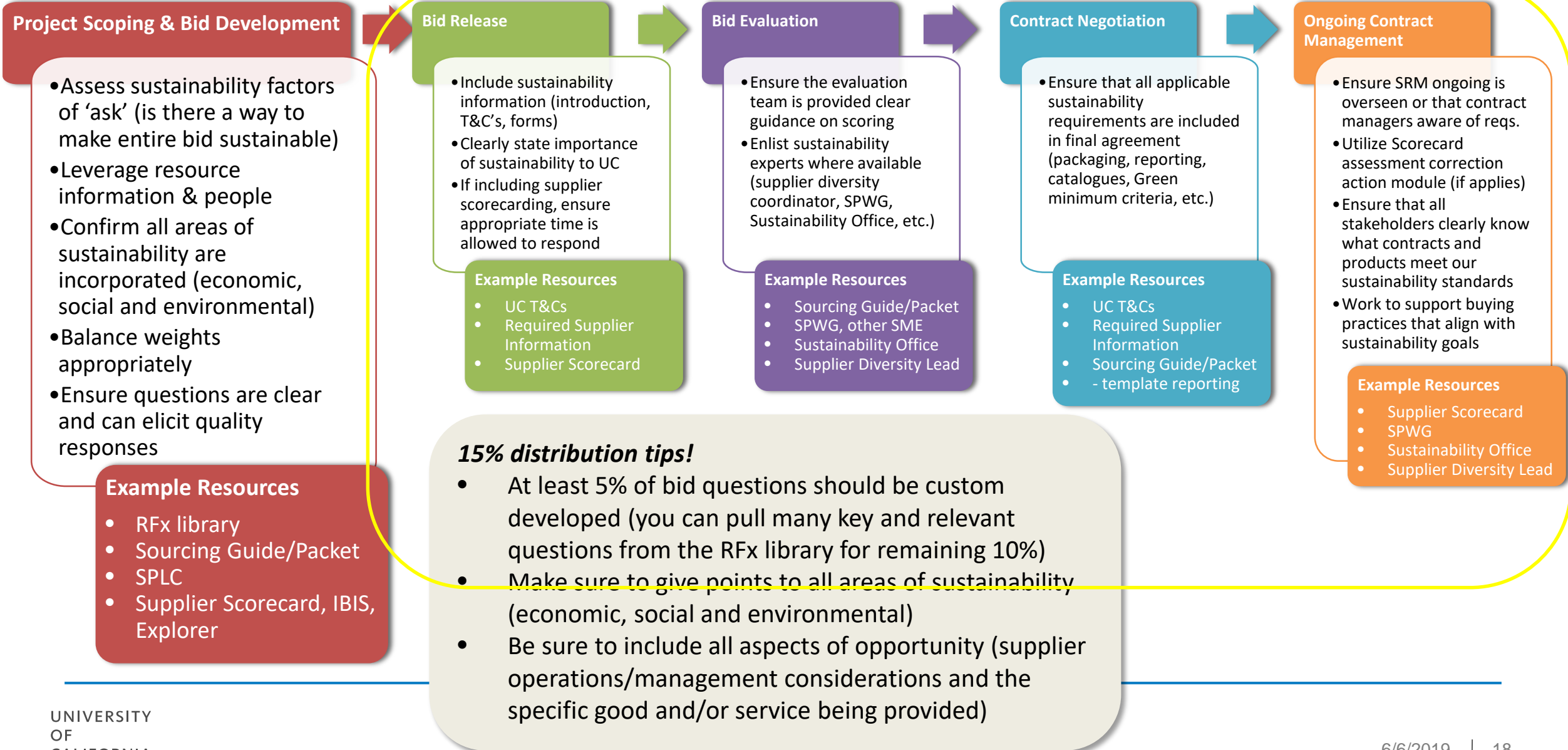
#### *(questions directed at specific CSR areas and documentation)*

Does your organization have a Supplier Code Of Conduct which at a minimum addresses: child labor; forced labor; health and safety; discrimination; discipline; harassment; working hours; compensation; corruption; and bribery? If yes, please provide.

Does your company incorporate workplace diversity and inclusion as part of its employment practices? If yes, provide documentation of such practices (e.g. policy, partnerships, career fairs, job boards).

Does your company track its diversity makeup to include gender, age, race, and tenure (if applicable) by job level? If yes, please provide a brief explanation of metrics tracked and any company goals set (if applicable).

# Sourcing Best Practice Process



# Key Resources

## People to go to...

- Your [Sustainable Procurement Working Group \(SPWG\) Member](#)
- Your local Sustainability Office

## Places to go to...

- [UCOP Sustainable Procurement](#) page
- [Sustainable Purchasing Leadership Council](#) (all UC are members)\*

## Sourcing Tools Available –

- [CalUsource](#)
- [EcoVadis](#)
- [IBIS - ProcurementIQ](#)
- [Explorer.io](#)\*

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UCOP > CFO > Procurement Services >

## Procurement Services

OVERVIEW FOR UC STAFF FOR SUPPLIERS FORMS & POLICIES TOOLS & TRAINING

### Sustainable Procurement

Sustainable Procurement | Managed by the University of California Sustainable Procurement Working Group

Here you will find information and resources related to University of California sustainable procurement practices, policies and projects. Sustainable Procurement at the University of California focuses on environmental, economic and social impacts embedded in our purchasing decisions, which account for over \$8B in annual spend across the ten University of California campuses.

**POLICY & GUIDELINES**  
A summary of core requirements, standards and goals of University of California sustainable procurement.

**RELATED RESOURCES**

- [Sustainability at UC](#)
- [Sustainable Practices Policy](#)
- [Sustainable Procurement Guidelines](#)
- [Back to Sustainable Procurement](#)

**EXTERNAL RESOURCES**

- [Sustainable Purchasing Leadership](#)

# Recap

- **Addressing sustainability** in the **early** development of all projects is good practice and as important as any other research you will do
- **Work with your stakeholders** and subject matter experts to identify impact areas and questions material to the need
- Be sure to include any sustainability **policy requirements**
- Use sustainability to **drive innovation** and **reduce total cost of ownership**
- **Leverage our resources** and remember this is complex work and we as a system will be maturing together!

Thank You

Thinking  
different is  
way more  
successful  
than  
thinking  
harder.