

# Policy on Green Procurement

## 1. Title

*Policy on Green Procurement*

## 2. Effective Date

This policy is effective as of April 1, 2006.

## 3. Application

The policy applies to all departments within the meaning of section 2 of the *Financial Administration Act*, unless specific acts or regulations override it.

## 4. Context

The federal government is a significant purchaser in Canada. As such its activities impact the national economy and can influence both the price and the availability of goods and services, including construction services, in the marketplace. Through the increased promotion of environmental sustainability, and by integrating the application of environmental performance considerations in its procurement process, the federal government is in a position to influence the demand for environmentally preferable goods and services and the ability of industry to respond to the escalating use of environmental standards in global markets.

As part of its ongoing commitment to improve the environment and the quality of life of Canadians, this policy seeks to reduce the environmental impacts of government operations and promote environmental stewardship by integrating environmental performance considerations in the procurement process.

Green procurement is set within the context of achieving value for money. It requires the integration of environmental performance considerations into the procurement process including planning, acquisition, use and disposal. In this context, value for money includes the consideration of many factors such as cost, performance, availability, quality and environmental performance. Green procurement also requires an understanding of the environmental aspects and potential impacts and costs, associated with the life cycle assessment of goods and services being acquired. In addition, the supporting administrative processes and procurement methods can also offer opportunities to reduce the environmental impacts of government operations.

This policy is issued pursuant to section 7 of the *Financial Administration Act*, the *Department of Public Works and Government Services Act*, section 4 of the *Department of the Environment Act* and section 5 and 6 of the *Department of Natural Resources Act*.

The policy also supports the federal government in targeting specific environmental outcomes where procurement can effectively be used to mitigate the impact of environmental issues such as Climate Change and can support the protection of biodiversity, natural areas, air, soil and water. Where decisions are made to move forward on realizing specific environmental outcomes through procurement, it is expected this will:

- Demonstrate environmental leadership and influence industry and citizens to use environmentally preferable goods, services and processes;
- Stimulate innovation and market development of, and demand for, environmentally preferred goods and services, making these available and mainstream for other sectors of society; and
- Support emerging environmental technologies.

## 5. Definitions

Environmentally preferable goods and services are those that have a lesser or reduced impact on the environment over the life cycle of the good or service, when compared with competing goods or services serving the same purpose.

Environmental performance considerations include, among other things: the reduction of greenhouse gas emissions and air contaminants; improved energy and water efficiency; reduced waste and support reuse and recycling; the use of renewable resources; reduced hazardous waste; and reduced toxic and hazardous substances.

## 6. Policy Statement

### Objective:

It is the objective of this policy to advance the protection of the environment and support sustainable development by integrating environmental performance considerations into the procurement decision-making process.

## Expected Results:

The Government of Canada expects that the application of this policy will:

- Benefit the environment by contributing to environmental objectives, such as:
  - Reducing greenhouse gas emissions and air contaminants;
  - Improving energy and water efficiency;
  - Reducing ozone depleting substances;
  - Reducing waste and supporting reuse and recycling;
  - Reducing hazardous waste; and
  - Reducing toxic and hazardous chemicals and substances.
- Leverage the purchasing power of the federal government to achieve economies of scale in the acquisition of environmentally preferable goods and services, thereby reducing the cost for government and strengthening greener markets and industries;
- Result in more environmentally responsible planning, acquisition, use and disposal practices in the federal government; and
- Support a healthier working environment for employees and for citizens in general through the purchase of environmentally preferable goods and services.

## 7. Policy Requirements

**7.1** Deputy heads are required to ensure that the objectives of green procurement are realized while maintaining compliance with all legislative, regulatory and policy obligations.

**7.2** Consistent with the overall objectives of value for money in procurement, Deputy heads are accountable to ensure their management control framework in support of procurement incorporates environmental performance considerations: from planning, identification and definition of requirements, acquisition, operation and maintenance to disposal of goods or closure activities of acquired services.

Specifically, Deputy heads are accountable to:

**7.2.1** Implement an effective approach to procurement planning and requirement definition that incorporates environmental performance;

**7.2.2** Establish management processes and controls relative to procurement to identify environmental risks and mitigation considerations, as appropriate;

**7.2.3** Set green procurement targets as appropriate, with the assistance of Public Works and Government Services Canada (PWGSC). These targets are to be tailored to reflect mandates, departmental buying patterns, as well as the nature and risks associated with the assets and services used to support the achievement of program objectives;

**7.2.4** Meet Green Procurement targets, which can be achieved through a combination of initiatives, including government-wide commodity management initiatives; procurement services of PWGSC in its more general role as a Common Service Organization; and by the department itself when it conducts contracting under its own authority;

**7.2.5** Ensure that officials in key management, procurement services delivery and oversight positions, have the necessary training to support the objectives of the policy;

**7.2.6** Include the contribution and support for the green procurement policy objectives in the performance evaluations of managers and functional heads of procurement and materiel, as appropriate; and

**7.2.7** Monitor and report on green procurement performance through the annual Report on Plans and Priorities, the Departmental Performance Report or, if applicable, in the Sustainable Development Section of the annual Departmental Performance Report.

**7.3** Where PWGSC takes the lead in the development of procurement strategies and instruments, Deputy heads will contribute by providing the information from the activities listed in 7.2.1 and 7.2.2, as well as green procurement targets that may have been identified by their organization.

## **8. Additional Responsibilities**

### **Treasury Board of Canada Secretariat**

Treasury Board of Canada Secretariat will:

- Provide advice on the Performance Management Framework for Greening Government Operations;
- Ensure the core curriculum for managers as well as procurement and materiel communities, incorporates green procurement; and
- Issue guidelines for planning and reporting on green procurement performance in the annual Report on Plans and Priorities and the Departmental Performance Reports or, if applicable, in the Sustainable Development Section of the annual Departmental Performance Report.

## Public Works and Government Services Canada

Public Works and Government Services Canada will:

- In collaboration with Environment Canada, Natural Resources Canada, and Treasury Board of Canada Secretariat, establish appropriate directives, standards, tools, guidance and training necessary to support this policy consistent with best practices in the public and private sector;
- Incorporate environmental performance considerations, using life cycle assessments, into the commodity management process;
- Develop performance measures for planning and reporting on green procurement in support of the Report on Plans and Priorities and the Departmental Performance Reports or, if applicable, in the Sustainable Development Section of the annual Departmental Performance Report guidelines issued by the Treasury Board of Canada Secretariat;
- Support departments in analyzing and reporting, on a government-wide basis, departmental efforts in setting and achieving green procurement targets; and
- Evaluate the effectiveness of this policy, jointly with Environment Canada and Natural Resources Canada, in the fifth year of its coming into effect.

## Environment Canada

Environment Canada will:

- Support Public Works and Government Services Canada, in consultation with Natural Resources Canada, by participating in the commodity management process. This will include: scientific, technical and environmental policy expertise; advice on environmental aspects and impacts, environmental standards; setting environmental performance measures; and information on performance data and availability of environmental goods and services.

## Natural Resources Canada

Natural Resources Canada will:

- Support Public Works and Government Services Canada, in consultation with Environment Canada, by participating in the commodity management process. This will include: scientific, technical and environmental policy expertise; advice on environmental aspects and impacts, environmental standards relating to natural resources; setting environmental performance measures; and information on performance data and availability of environmental goods and services.

## 9. References

### Authority

This policy is issued pursuant to section 7 of the Financial Administration Act, the *Department of Public Works and Government Services Act*, section 4 of the *Department of the Environment Act* and section 5 and 6 of the *Department of Natural Resources Act*.

### Legislation and regulations

Link to be added to Web site with relevant legislation and regulations.

### Treasury Board policy instruments

- Policy on Managing Procurement: Standard and Specialized Goods and Services (*subject to Treasury Board Approval*)
- Investment Planning Policy: Major Assets and Acquired Services (*subject to Treasury Board Approval*)
- Policy on Project Management (including Project-based Procurement) (*subject to Treasury Board Approval*)
- Policy on Decision Making in Limiting Contractor Liability in Crown Procurement Contracts
- Policy on Acquisition Cards
- Policy on Delegation of Authorities
- Risk Management Policy
- Integrated Risk Management Framework

### Enquiries

- Public Works and Government Services Canada
- Environment Canada
- Natural Resources Canada