



Government
of Canada

Gouvernement
du Canada

Canada

Championing sustainable government procurement through new green standard for major contracts

Presentation for Canadian Institute for Procurement & Materiel Management
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Aline Ribas, Senior Advisor
Treasury Board of Canada Secretariat
Centre for Greening Government

Angus O'Leary
Executive Director
Strategic Policy Sector, PSPC

Louis-Philippe Gagné
Manager
Net-Zero Challenge
Environment and Climate Change Canada ECCC

Overview

1. Opening Remarks
2. TBS - Centre for Greening Government
 - i. Policy Context
 - ii. Greening Government Strategy
 - iii. Policy on Green Procurement
 - iv. Six-point Plan for Greening Federal Procurement
 - v. *New Standard on the Disclosure of GHG Emissions*
3. PSPC – Green and Clean Procurement & Technologies
4. ECCC - Net-Zero Challenge
5. Q&A

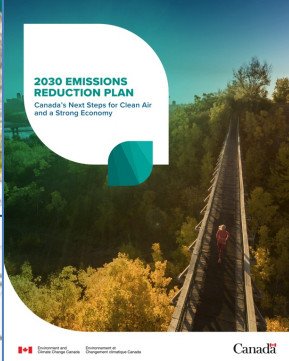
Policy Context



Keep the global temperature increase to well below 2 degrees Celsius



2020: Canada's enhanced climate plan targets net zero carbon by 2050 and includes greening government



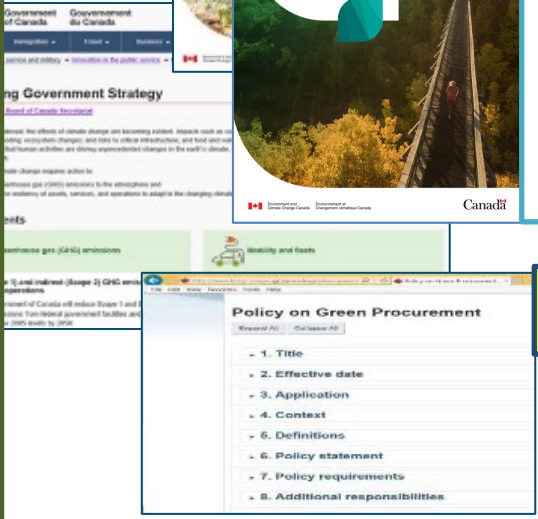
2022: This first emissions reduction plan lays out a pathway to 40-45% below 2005 levels by 2030



Canadian Net Zero Emissions Accountability Act (2021):
Describe and report on emissions reductions strategies for federal gov operations



Federal Sustainable Development Strategy (FSDS):
Goal 13: Take Action on Climate Change and its Impacts
Goal 12: Reduce Waste and Transition to Zero Emission Vehicles



2018: Updated Policy on Green Procurement

2020: Updated **Greening Government Strategy (GGS):**
Net zero emissions by 2050 for gov operations including procurement

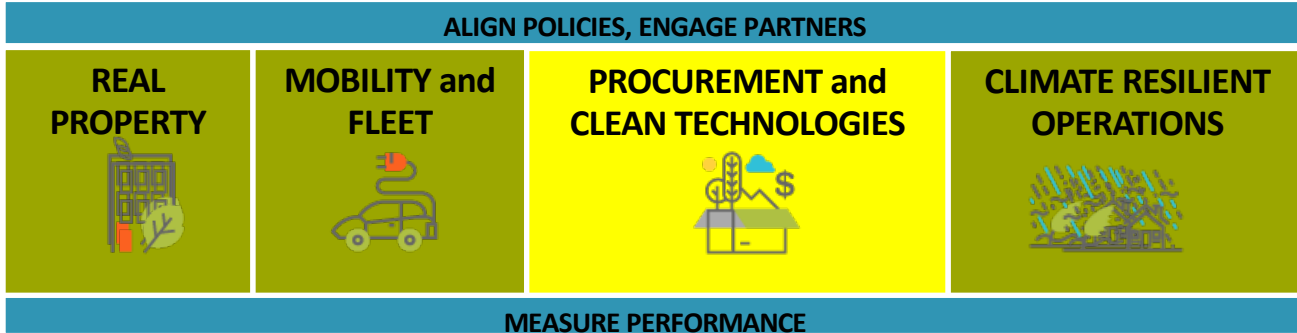
Greening Government Strategy - a Government of Canada Directive

Objective:



❖ 40% reduction of real property and conventional fleet emissions by 2025
❖ Net-zero emissions overall by 2050
❖ Overall green & climate resilient government operations

Strategy (GGS) developed to get there:



Implementation:

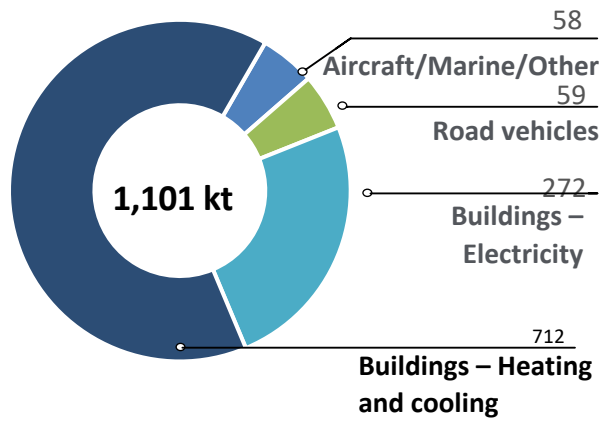
- TBS providing direction, guidance, Greening Government & Low-Carbon Fuels Funds
- Expert depts. providing support (TBS/NRCan/PSPC/NRC/ECCC)
- **DEPARTMENTS TAKING ACTION**

Performance:

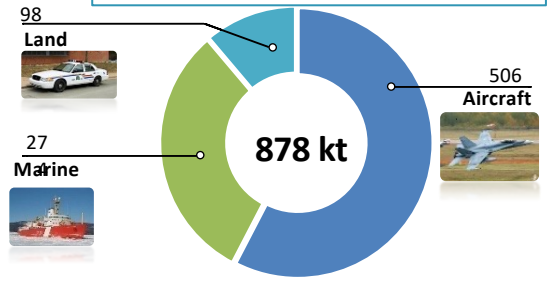
38.6% reduction in GHG emissions to date (real property and conventional fleet)
3.4% increase in emissions from National Safety and Security operations

Sources of all federal emissions – 2021-2022

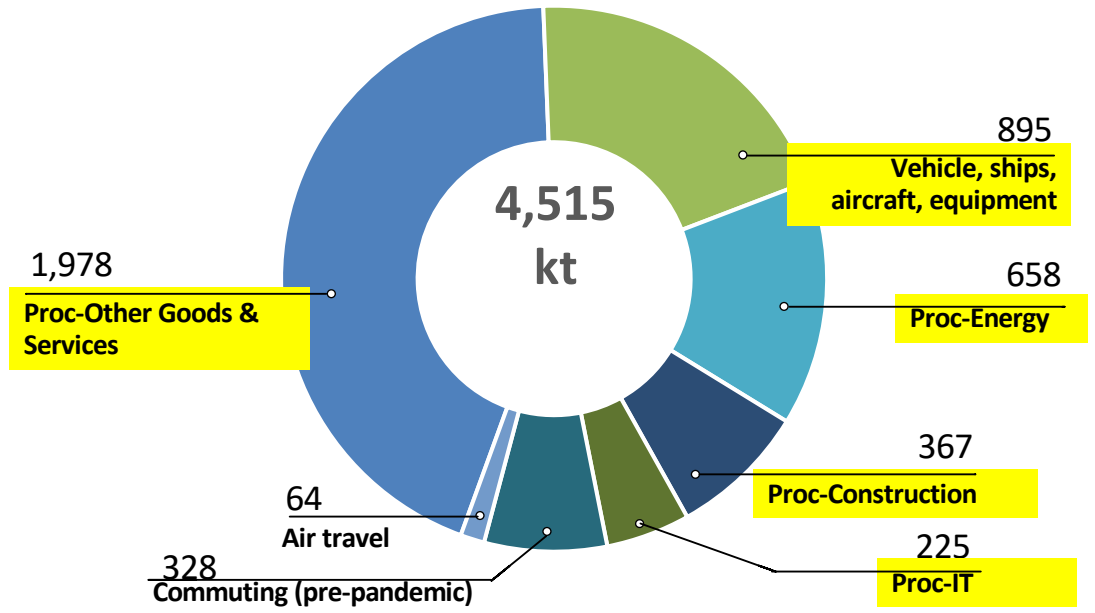
**Buildings, Fleet
(Scope 1-2)**



**National Safety and Security
(Scope 1)**



**Estimated Procurement/Air
Travel/Commuting
(Scope 3-Indirect emissions)**



The GoC owns 32,000 buildings, 20,000 engineering assets, 40,000 fleet and buys over \$18B/year – largest asset owner and public procurer in Canada.

Note: All numbers in kilotonnes (kt) of carbon dioxide equivalent

Green Procurement Commitments in the GGS



Net-zero emissions by 2050

- The Government of Canada's procurement will be **net-zero emissions by 2050**

Aid the transition to a net-zero, circular economy by:

- **including criteria that address GHG emissions reduction**, sustainable plastics and broader environmental benefits into procurements by departments for goods and services that have a high environmental impact
- **incentivizing major suppliers to adopt a science-based target in line with the Paris Agreement, and to disclose their GHG emissions and environmental performance information**
- supporting departments in adopting clean technology and undertaking clean technology demonstration projects
- eliminating the unnecessary use of single-use plastics in government operations, events and meetings
- promoting the procurement of sustainable plastic products and the reduction of associated plastic packaging waste
- strengthening support for green procurement, including guidance, tools and training for public service employees

Policy on Green Procurement



Objective

- to advance the protection of the environment and support sustainable development by **integrating environmental performance considerations into the procurement decision-making process**

Expected results

- contribution to environmental objectives**, including reducing GHGs and waste, improving energy and water efficiency, supporting biodiversity and resilience to climate change
- federal government's **purchasing power leveraged** to achieve economies of scale
- more environmentally responsible** planning, acquisition, use and disposal practices and **healthier working environment** for employees

Requirements for Departments under section 2 of the Financial Administration Act

- ensure that the objectives of green procurement are realized
- ensure management control frameworks incorporate environmental considerations:
 - from procurement planning, identification and definition of requirements, acquisition, operation and maintenance of assets, to disposal of goods or closure activities of services
- support TBS in its lead role in ensuring the implementation of this policy and PSPC in the development of strategies and instruments
- Additional responsibilities apply to PSPC, SSC, ECCC, and NRCan:**
 - provision of scientific, technical and environmental policy expertise; advice on environmental aspects and impacts, and environmental standards; setting environmental performance measures; and information on performance data and availability of environmental goods and services
 - inclusion of environmentally preferable options throughout the procurement process (PSPC and SSC only)

Six-Point Plan for Greening Federal Procurement

The following plan will help fulfill procurement-related commitments in the Greening Government Strategy and the Policy on Green Procurement

1. Implement existing procurement requirements to reduce operational carbon by focusing on buildings, electricity and fleet
2. Implement new procurement requirements to reduce embodied carbon (and increase climate resilience) by focusing on high-impact categories and high-value buys
3. Continue to green Standing Offers and Supply Arrangements
4. Analyze departmental procurement profile and develop action plans focused on high-impact categories and big areas of spend
5. Develop guidance, tools, and/or training in areas where department has lead mandate or is large buyer
6. **Update policies and develop standards**; engage with stakeholders; and report on progress

+ adopt clean technologies in actions 1 through 4

Green Procurement Standards

Objectives

- To accelerate implementation of Greening Government Strategy and the Policy on Green Procurement
- To house government-wide mandatory green procurement requirements for priority areas of high impact

Authority

- TBS has the **authority to develop standards** and the Secretary to approve them
- Consistent with the Policy on Green Procurement and the Financial Administration Act

First Standards *(published in November 2022 and already in effect)*

- Standard on Embodied Carbon in Construction – starting with concrete
- Standard on the Disclosure of GHG Emissions and the Setting of Reduction Targets – applicable to procurements over \$25M

Standard on the Disclosure of GHG Emissions and the Setting of Reduction Targets

Requirements

- procurements over \$25 million must **induce suppliers to measure and disclose their GHG emissions and adopt a science-based target** to reduce GHG emissions in line with the *Paris Agreement* as part of participating in the *Net-Zero Challenge* or in an equivalent initiative or standard

Application

- in effect since April 1, 2023
- **mandatory for new procurements with total estimated value over \$ 25 million**, including fees, taxes and options (*voluntary for lower values*)
- **not mandatory for amendments** to or exercising option years in procurements issued before April 1, 2023
- does not apply to:
 - contractual arrangements (with other public entities)
 - procurements using emergency contracting authorities
 - procurements established through Foreign Military Sales (FMS)

Mechanisms

- mandatory evaluation criterion - should be considered when there are no legal implications
- point-rated evaluation criterion - should be considered when it is not possible to include a mandatory criterion and the evaluation and selection methodology allows for its inclusion
- specific contract requirement – should be considered when evaluation criteria are not applicable

Roles and Responsibilities

Treasury Board of Canada Secretariat (TBS)

- TBS Centre for Greening Government (CGG) is responsible for managing the Standard and related TBS guidance, supporting departments, and gathering implementation data

Common Service Providers (PSPC and SSC)

- Responsible for integrating the obligations of the Standard into procurement processes either as contracting authorities or as business owners

Environment and Climate Change Canada (ECCC)

- Responsible for managing the Net-Zero Challenge (NZC), including onboarding and supporting participants

All Departments

- As business owners, are responsible for including element(s) to meet the obligations of the Standard in their procurement requests and for providing rationale for exemptions
- Responsible for reporting to TBS CGG the total number of procurements over \$25 M and the number and corresponding value of procurements over \$25 M that applied the Standard

PSPC Procurement Policy Notification PN-157: *Standard on the Disclosure of Greenhouse Gas Emissions and the Setting of Reduction Targets*

- Strategic Policy Sector's Green & Clean Technology Procurement team led the development of PN-157 which includes:
 - four options for contracting authorities depending on the business context
 - 7 new legally-reviewed clauses for solicitations and contracts
 - template changes
 - supply manual changes
 - a detailed Frequently Asked Questions (FAQ) document (in collaboration with TBS)
- Extensive consultations completed prior to release; received comments and feedback from across PSPC
- News items on [Buyandsell](#) and [CanadaBuys](#) and is planning additional supplier info sessions and communications with TBS leading and Procurement Assistance Canada (PAC) support
- Information sessions delivered to PSPC procurement officers in April 2023
- Language is already being included in procurements

PN-157 Summary of Options

- Evaluation Criteria (competitive solicitation; medium to high market readiness)
 - mandatory
 - point-rated
- Conditionally limited procurement strategy (competitive solicitation; high market readiness)
- Certification (competitive or non-competitive; medium to high market readiness)
 - at solicitation closing
 - prior to award
- Contract clause (competitive or non-competitive; low, medium or high market readiness)
- 7 new clauses for the Standard Acquisitions Clauses and Conditions (SACC) manual – solicitation and contract clauses which correspond with each option
 - ETA for publication – June 2023
- Industry readiness must be reviewed to inform decision making on appropriate option for each procurement

PN-157 GHG Disclosure and Target Setting Initiatives



Net-Zero Challenge (NZC)



UN Race to Zero



Science Based Targets Initiative (SBTI)



Carbon Disclosure Project (CDP)



International Organization for Standardization (ISO)

- Each initiative has a website which publishes names of participants (supplier names) which supports contracting officers in validating information submitted by suppliers.

Net-Zero Challenge

Committed to a clean future

Environment and Climate Change Canada
CIPMM June 2023



Environment and
Climate Change Canada

Environnement et
Changement climatique Canada

Canada

PURPOSE

The Net-Zero Challenge encourages businesses to develop and implement credible and effective plans to transition their facilities and operations to **net-zero emissions by 2050**.



OBJECTIVES

Net-Zero Planning

Normalize **net-zero planning** so that it becomes a default business practice.

Building Momentum

Build **momentum** through guidance and collaboration.

GHG Reductions

Reduce greenhouse gas (GHG) emissions from **industrial and other sectors**.

TARGET AUDIENCE

All businesses operating in Canada – domestic and multinational – with net-zero aspirations are welcome to join, including small- and medium-sized enterprises (SMEs), and industry associations.



PARTICIPATION STREAMS

- **Stream 1:** Large industrial emitters (e.g., oil and gas, fossil-fueled electricity, petrochemicals, iron and steel, aluminum, and cement).
- **Stream 2:** Financial institutions (e.g., banks, asset managers, asset owners, pension funds, and insurance companies).
- **Stream 3:** All other businesses, including: retail, SMEs, Crown corporations, universities, and museums.



Net-Zero Challenge Participants

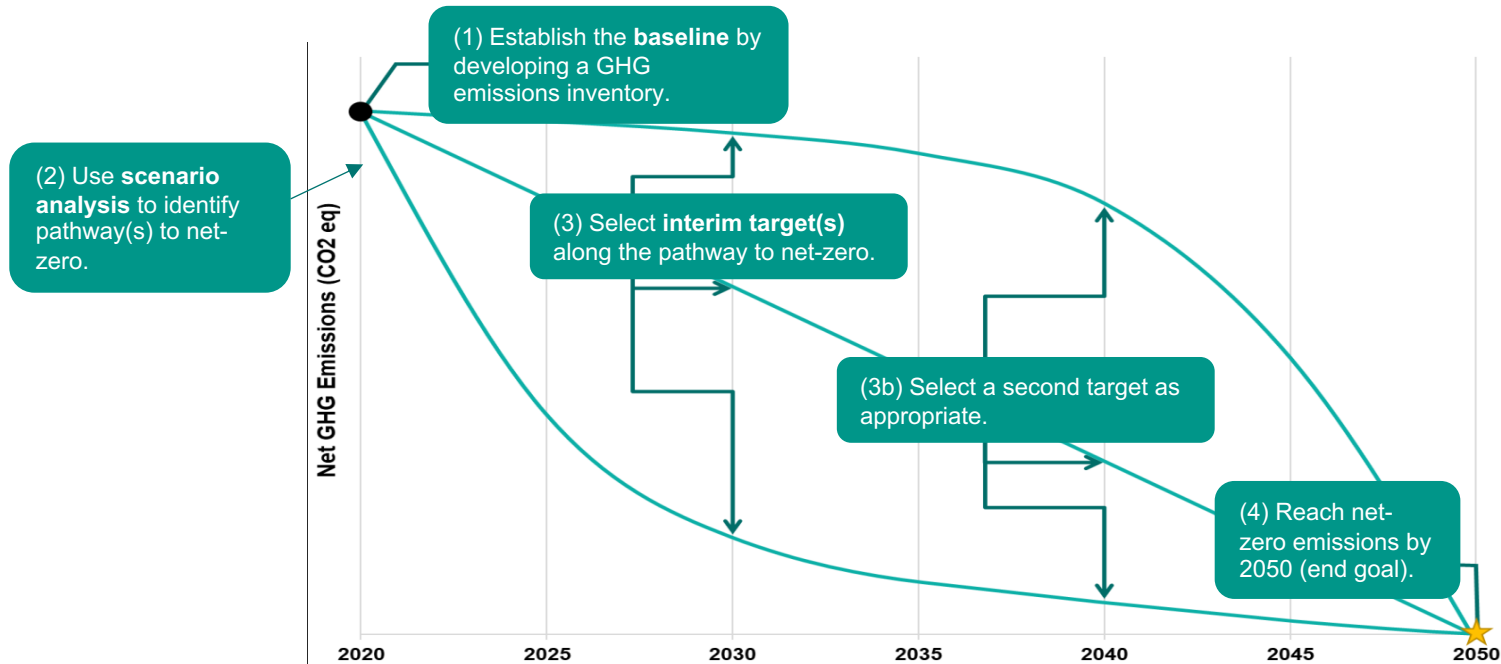
Full list of participants is available on the website including:

- ✓ 3M Canada
- ✓ Aecon Group Inc.
- ✓ Airports:
 - ✓ Edmonton, Ottawa, Toronto, and Vancouver
- ✓ Arcelormittal Dofasco
- ✓ Aviva Canada
- ✓ BASF Canada
- ✓ BHP Canada
- ✓ Canada Post
- ✓ Carleton University
- ✓ Cement Association of Canada
- ✓ CGI Inc.
- ✓ CN
- ✓ Cogeco
- ✓ General Motors of Canada Company
- ✓ Hewlett Packard Enterprise
- ✓ Loblaws
- ✓ Microsoft Canada
- ✓ Science North
- ✓ Shell Canada
- ✓ Siemens Canada
- ✓ SNC-Lavalin
- ✓ Woodfibre LNG

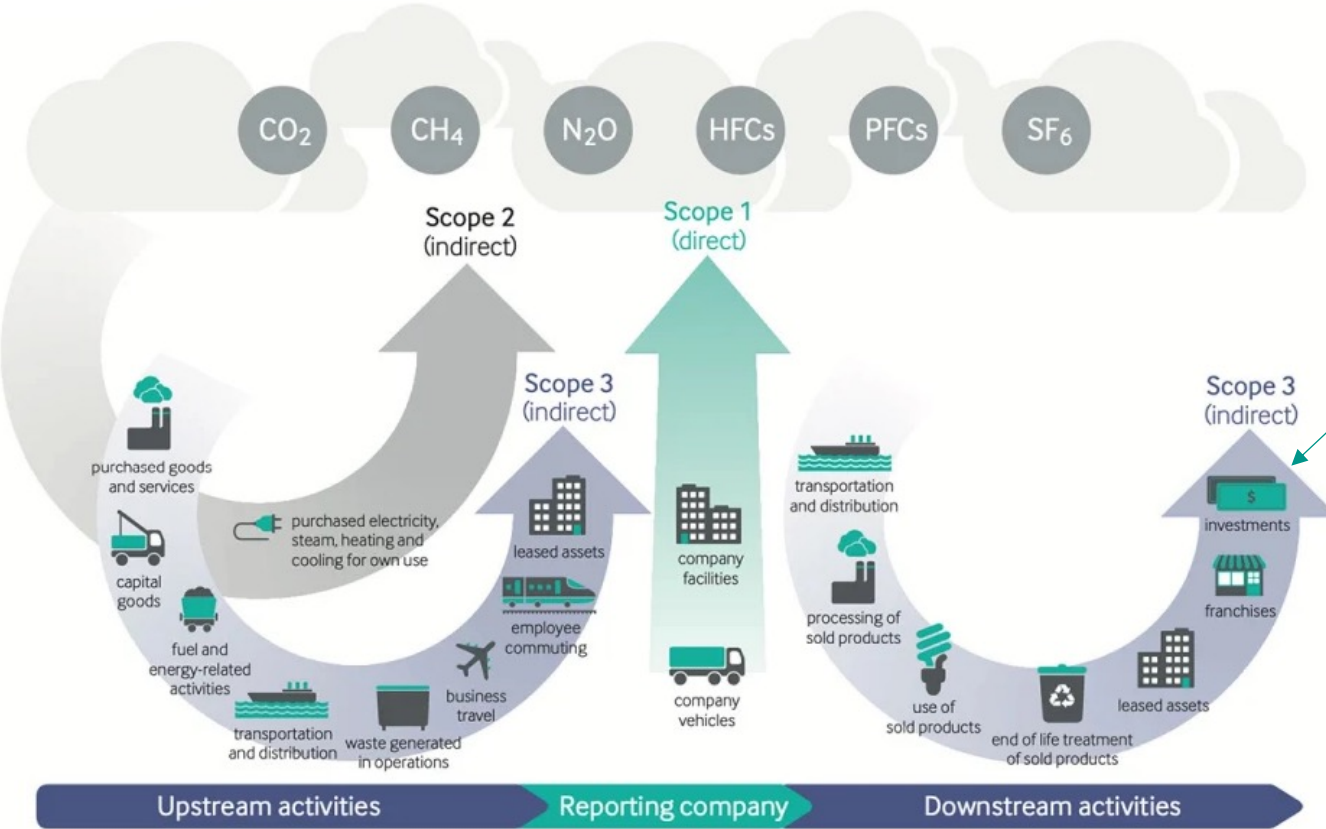
NET-ZERO PLANNING – KEY STEPS

Net-zero planning is an ongoing process that will be different for every participant. All companies must:

- publicly commit to net-zero by 2050,
- set interim targets consistent with that goal, and
- publicly commit to their first interim target.



SCOPE 1, 2, AND 3 EMISSIONS



All participants must include **scope 1 and scope 2** emissions.

Stream 1

- Relevant Scope 3 emissions are **encouraged**.

Stream 2

- Scope 3 **category 15** (investments) is **required**.

Stream 3

- Relevant scope 3 categories are **required (at least one)**.

Stream 3 – only for SMEs

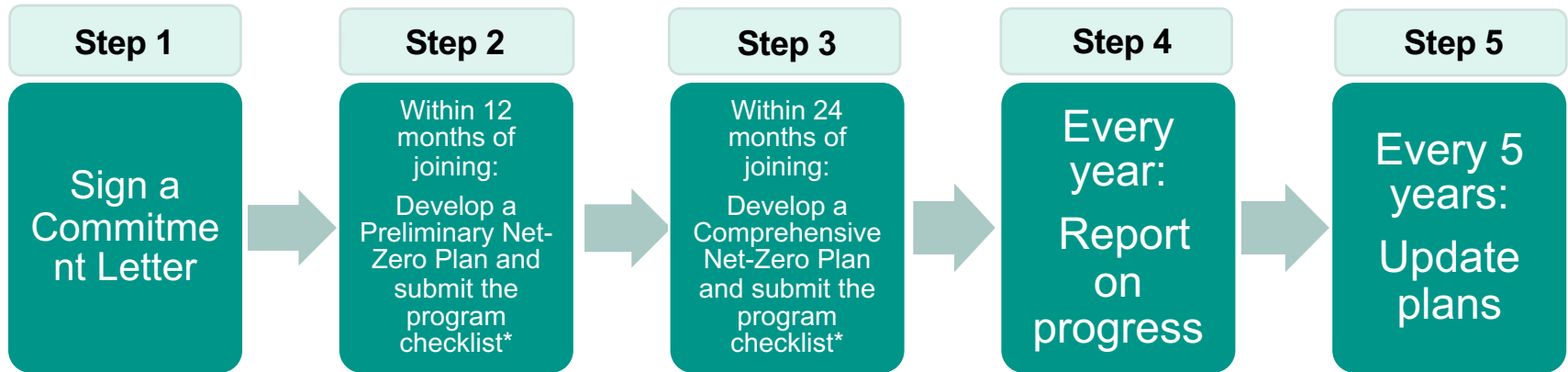
- Relevant scope 3 categories are **encouraged**.

What if I already have a plan?

- Participants with net-zero plans are welcome to join the Challenge with existing plans – whether Canadian or global plans – so long as they meet the minimum requirements.
- Participants that submit information to other initiatives such as SBTi, CDP, and UN Race to Zero can use this information as evidence to meet minimum requirements.



PROGRAM STEPS



*the Participation Checklists ask primarily yes/no questions, supported by evidence, attesting to the content of the plan.

Commitment pledges:

- Set a **net-zero target by 2050** or earlier.
- Set at least **two interim reduction targets**.
- Develop a **preliminary net-zero plan** and a **comprehensive net-zero plan** and **provide evidence** of these plans through the **Participation Checklists**.
- **Report on progress annually**, and review and update plans every five years.

- ECCC sends a Participant Letter signed by the ADM.

Plan components:

- A public target to achieve **net-zero GHG emissions by 2050 or earlier**.
- A **GHG emissions inventory baseline**.
- Information on **TCFD**.

Plan components:

- At least one of the two **interim targets**.
- A high-level description of the **scenario analysis** conducted to identify net-zero pathways.
- A high-level description of some **mitigation strategies**.
- Information on **corporate governance**.



What are the accountability mechanisms?

- Participants are encouraged to publicly disclose on their websites as much of their net-zero planning as possible.
- Participants must publicly disclose their net-zero target and their first interim target and they must report on their progress annually.
- In their net-zero planning, participants must include information about:
 - corporate governance, and
 - the recommendations of the *Task Force on Climate-related Financial Disclosures*.
- It is recommended that companies have information third-party verified.
- Participants disclose to ECCC information about their net-zero plans through the checklists; this is available to the public upon request.





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Contact us!

TBS-CGG: greening-vert@tbs-sct.gc.ca

PSPC-SPS: SPAC.PAAchatsEcologiques-APGreenProcurement.PSPC@tpsgc-pwgsc.gc.ca

ECCC – NZC: defizeronet-netzerochallenge@ec.gc.ca



Questions?



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Annexes

Summary of Options

PN Option	Description	Recommended Usage	*Recommended Clauses
1a Mandatory Evaluation Criteria	Bidder/Offeror/Supplier must demonstrate participation in NZC or equivalent.	Competitive solicitations , when there is a high degree of certainty regarding market readiness to meet the criterion. Trade agreements must be taken into consideration.	A3018T A3020C or A3022C
1b Point-rated Evaluation Criteria	Bidder/Offeror/Supplier should demonstrate participation in NZC or equivalent.	Competitive solicitations when there is a moderate to high degree of certainty regarding market readiness to meet the criterion. Intent is to encourage suppliers to participate in NZC (or equivalent) by offering additional points in the evaluation, and not create a barrier to bidding.	A3019T A3020C or A3022C
2a Certification at bid closing	Include clauses to request the bidder to sign a certification that certifies the bidder is participating in the Net-Zero Challenge or equivalent at bid closing .	Competitive or non-competitive solicitations where evaluation criteria or conditionally limited solicitation cannot be used. Intent to encourage suppliers to participate in NZC (or equivalent), and not create a barrier to bidding.	A3017T A3021C
2b Certification precedent to award	Include clauses that require the bidder/offeror/supplier to sign a certification that certifies they are participating in the NZC or equivalent prior to award .	Competitive or non-competitive solicitations where evaluation criteria or conditionally limited solicitation cannot be used. Intent is to encourage suppliers to participate in NZC (or equivalent) and not create a barrier to bidding.	A3017T A3021C
3 Conditionally limited solicitation	Only bids from bidders/offerors/suppliers participating in the NZC or equivalent are evaluated.	Competitive solicitations where evaluation criteria cannot be used and when there is a high degree of certainty regarding market readiness. Trade agreements must be taken into consideration.	A3016T A3021C
4 Contract clause	Include a contract clause which requires participation in the NZC (or equivalent) initiative before contract award or before the end of the contract period , in conjunction with an incentive clause such as a holdback.	Contracts resulting from competitive solicitations when evaluation criteria, certifications or conditionally limited solicitation cannot be used or contracts resulting from non-competitive procurement strategies. Intent is to encourage suppliers to participate in NZC (or equivalent).	A3020C

The Net-Zero Challenge and Equivalent Initiatives

Initiative	Demonstrated Evidence in Bid/Offer/Arrangement Submission (e.g. certificate)	Validation Method
<p><u>Net-Zero Challenge</u></p> 	Signed participant letter from Environment and Climate Change Canada.	Website listing participants: The Net-Zero Challenge - Canada.ca - See who has taken the challenge
<p><u>United Nations Race to Zero</u></p> 	Certification/certificate, participant letter, screenshot from Race to Zero website, or any other official correspondence from Race to Zero confirming participation by the bidder/offeror/supplier	Website listing participants: Who's in Race to Zero? UNFCCC
<p><u>Science-Based Targets Initiative (SBTI):</u></p> <ul style="list-style-type: none"> ○ Business Ambition Stream for 1.5C ○ SBTI “regular” stream 	Certification/certificate, participant letter, screenshot from SBTI website, or any other official correspondence from SBTI confirming participation by the bidder/offeror/supplier	Website listing participants in downloadable .xls file: Companies taking action - Science Based Targets
<p><u>Carbon Disclosure Project</u></p> 	Certificate, CDP score, participant letter, screenshot from CDP website, or any other official correspondence from CDP confirming participation by the bidder/offeror/supplier AND a company statement or policy, signed by the bidder/offeror/supplier’s CFO, declaring GHG reduction targets.	Website listing participants: Supply chain - CDP
<p><u>International Organization for Standardization:</u></p> <p><u>ISO 14064-1:2018</u></p> <p><u>ISO 14064-3: 2019</u></p> <p><u>ISO 14065:2020</u></p> <p><u>ISO 14066:2011</u></p> 	ISO Certificate demonstrating compliance with ISO 14065:2020 completed by an independent, accredited third-party verifier AND a company statement or policy, signed by the bidder/offeror/supplier’s CFO, declaring GHG reduction targets.	Search via Website IAF Certification Validation - IAF CertSearch (operated by International Accreditation Forum)

Similar Requirements in Other Jurisdictions

United Kingdom

- [Procurement Policy Note – Taking Account of Carbon Reduction Plans in the procurement of major government contracts](#)
- Requires inclusion, as a selection criteria, of a requirement for bidding suppliers to provide a Carbon Reduction Plan (CRP) confirming the supplier's commitment to achieving Net Zero by 2050 in the UK, and setting out the environmental management measures that they have in place, and which will be in effect and utilised during the performance of the contract
- Applies to procurements of goods and/or services and/or works with an anticipated contract value **above £5M (~\$8.4M CAD) per year** (with some exceptions).

United States

- [Federal Supplier Climate Risks and Resilience Proposed Rule | Office of the Federal Chief Sustainability Officer](#)
- Requires major Federal suppliers to publicly disclose greenhouse gas emissions and climate-related financial risk and set science-based reduction targets
 - Scopes 1 and 2 GHG emissions for suppliers receiving **between \$7.5M-\$50M US (~\$10-67.5M CAD)** in annual contracts
 - Scopes 1, 2 and 3 GHG emissions for suppliers receiving **over \$50M US** in annual contracts
- Ensures that major Federal agency procurements minimize the risk of climate change, including requiring the social cost of GHG emissions to be considered in procurement decisions and, where appropriate and feasible, give preference to bids and proposals from suppliers with a lower social cost of GHG gas emissions.