

Appendix II: Proposed Sustainable Purchasing Policy

ADXX Sustainable Purchasing Policy

Policy Status: Draft

Subject Matter Expert:

Policy Steward: (TBD)

CONTENTS:

- Purpose
- Scope
- Definitions
- Standards
- Policy

PURPOSE:

The Pennsylvania State University is committed to establishing itself as a leader in sustainability. With this policy, we are establishing a sustainable purchasing program that will help to bring sustainability to each facet of the University's operations.

This policy will strengthen and enhance Penn State's Sustainability Strategic Plan and integrate sustainable purchasing decisions at the earliest stages of the lifecycle of the products and services that are purchased for use by the Penn State community.

SCOPE:

Penn State's sustainable purchasing policy will address the environmental, social and economic impacts associated with the University's purchases of goods and services.

Sustainable purchasing shall ensure that the suppliers we use and the products and services that they supply offer value for the money and generate benefits for the University and for the environment, society and the economy.

This policy applies to all individuals responsible for university purchases, regardless of procurement mechanism.

DEFINITIONS:

Circular economy- An economy that is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all times, distinguishing between technical and biological cycles.

Conflict materials- natural resources extracted in a conflict zone and sold to finance the fighting. Conflict materials include metals tantalum, tin, tungsten, and gold.

Energy Star- The U.S. Environmental Protection Agency (EPA) requires all ENERGY STAR products to be third-party certified. Products are tested in an EPA-recognized laboratory and reviewed by an EPA-recognized certification body before they can carry the label.

EPEAT standards- The EPEAT program provides independent verification of manufacturers' claims and the EPEAT online Registry lists sustainable products from a broad range of manufacturers. National governments, including the United States, and thousands of private and public institutional purchasers around the world use EPEAT as part of their sustainable procurement decisions.

Ethical behavior- behavior that demonstrates respect for key moral principles including honesty, fairness, equity, diversity and human rights.

Greenhouse gases- atmospheric gases responsible for causing global warming and climate change. The major greenhouse gases are carbon dioxide, methane, and nitrous oxide. Less prevalent, but very powerful, greenhouse gases are hydrofluorocarbons, perfluorocarbons, and Sulphur hexafluoride.

Impact-The impact of a good or service includes the direct and indirect consequences of its production, distribution, use and disposal upon environmental, social and economic sustainability.

Key performance indicator (KPI)- demonstrates how effectively the University is achieving success according to objectives; helps evaluate various functions and processes important to achieving goals.

Life cycle- consecutive and interlinked stages of a goods or services system, from "cradle to grave", e.g. from resource generation and raw material acquisition through production, use and final disposal.

Life cycle costing- method for calculating the costs of goods or services throughout their life cycle. It includes total cost of ownership and positive or externalities which can be monetized to the University.

Material impact- Refers to the relative significance or importance of a specific environmental, social and or economic impact.

Sustainability criteria- requirements pertaining to the sustainable quality of a product and its sustainable production, which must be fulfilled in order to acquire a sustainability status or certification.

Sustainable performance-refers to the extent to which a product, service, or supplier supports the natural, social and economic systems on which we depend.

Sustainable purchasing- means making sure that the University's suppliers and the products and services they supply deliver value for the money and generate benefits not only for the University, but also for the environment, society and economy.

Sustainable purchasing program- the set of activities undertaken by the University to implement sustainable purchasing, whether unified as a centrally managed program or policy or decentralized as a collection of potentially uncoordinated programs or policies.

Sustainability spend analysis- a process for identifying: 1) sustainability-related risks and opportunities across the University's overall portfolio of spending; and 2) priorities for action based on the relative significance of spend categories, suppliers, regions of origin, or other factors.

Sustainably sourced wood- wood that is Forest Stewardship Council (FSC) certified, recycled, salvaged, or from an ecological restoration forestry project.

Supplier diversity- sourcing from businesses that are owned or operated by individuals who belong to groups that have historically faced barriers to employment and/or economic opportunity. These may include businesses that are owned or operated by women, minorities, veterans and LGBT individuals or have been historically disadvantaged in the marketplace for other reasons. Supplier diversity has many benefits including customer satisfaction, cost savings, community relations and investor relations.

Total cost of ownership (TCO)- a financial estimate intended to help buyers and owners determine the direct and indirect costs of a product or system over the lifetime of its use and disposal.

Value for money- the optimum combination of whole life costs and quality. Factors considered in defining value for money include quality, fitness for purpose, total cost of ownership, risk, sustainability issues and the factors relating to the University's overall goals.

STANDARDS

The University shall utilize available standards to determine whether the products and services offered by its various Suppliers are sustainable. A product which is manufactured, harvested, or sold by a company will have to meet certain accepted standards and criteria. These criteria, often robust and impartial, are the way this product is "judged", which usually indicate that the product is socially responsible, has minimal environmental impact, and is financially beneficial for all those involved. These standards and criteria are usually determined by an organization,

sometimes an industry trade group, or international organization, in order to compare products across regions in an equal manner. Standards will be outlined in greater detail in the Sustainability Guidelines.

Several key tenets of a sustainability standard:

Independent - Typically these standards (or ratings, indices, etc.) are developed by either an independent third-party group (such as an NGO, for example), or some form of industry and third-party group collaboration. While involving industry might seem to taint the process, it's unlikely that outside parties will have the inside industry knowledge to set applicable guidelines and expectations.

Standards Based - There's usually some form of guidelines or standards to be met in order to qualify, or some baseline score to achieve, in order to obtain the certification. This prevents spurious claims by companies looking to out-do their competition.

Verifiable - Conformance to the standards can, and usually are, available for verification. The best certifications require robust third-party certification by credible, independent auditing agencies. Think ISO third party verification.

Voluntary - These are not required or mandated - yet.

Little or No Government Regulatory Requirements - While government participation may be present in some cases (such as USEPA Energy Star), normally these standards don't involve the government. They are market driven, making them far more adaptable and flexible than might normally be expected from the cumbersome regulatory process.

Additional criteria may be applied to Sustainability Standards to ensure that University purchases support social and economic sustainability. Adoption of recognized labor standards that mandate child labor avoidance, permit freedom of association, seek collective bargaining, ensure regular hours of work and overtime pay laws are observed, prohibit discrimination and pay the prevailing wage for the country of production or observe living wage minimum wage or laws. Inclusion of Small Business Administration Agency (SBA) certified small businesses and Women, Minority and Veteran Owned businesses in the RFP and RFQ process will also act to achieve social and economic sustainability objectives.

POLICY

The Director of Procurement Services, to include agencies with limited purchasing authority, shall engage with other University departments to identify areas of opportunity to make sustainable purchasing decisions by selecting Suppliers and products that meet recognized Sustainability Certifications and Standards, where they exist, and set minimum mandatory requirements of sustainably sourced products. (*e.g. percentage of recycled copy paper or paper office supplies, Energy Star certification, textile certifications, etc.*) This process shall become part of the RFP and RFQ selection criteria and prospective suppliers shall be asked to identify any certifications that they have been awarded and include information on packaging and

transportation. Sustainability certifications/standards shall become a part of a supplier's overall score as part of the RFP evaluation criteria.

The University reserves the right to ask for documentation from any supplier if enough evidence is presented that the supplier is in violation of this policy. The University also reserves the right to sever all dealings with any supplier in violation of this policy.

Purchasing departmental staff will identify products and sources for products covered by this policy. This policy does not impede or impinge the requirements for competitive bidding or solicitation of such products and the appropriate and required documentation for these transactions.

Sustainable Purchasing Guidelines shall be developed and updated to provide guidance in each commodity purchased by the University including building materials, paper goods, cleaning chemicals, furniture and carpeting, clothing and uniforms, equipment and electronics, and classroom teaching materials. The Sustainable Operations Committee (SOC) shall review and approve these Guidelines annually.