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## SUSTAINABILITY MANAGEMENT WITHIN THE PUBLIC SECTOR: A PROCESS-BASED APPROACH

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**S**ustainability and corporate social responsibility are no longer terms only being used in the boardrooms of large multi-nationals as a number of public sector organizations are delving into the complex world of sustainability planning. Sustainability is an expansive topic that encompasses every aspect of an organization's operations, including environmental impacts, labour relations, innovation, community relations, supply chain management, and much more. As seen at the recent Federation of Canadian Municipalities Sustainable Communities Conference, sustainability is being integrated into every aspect of public sector organizations, from asset management and procurement to integrating sustainability within the mindset of City Hall, and within election platforms.

Often times, regardless of where an organization is on their 'sustainability journey,' many are faced with the same barriers of not knowing where to begin, or not knowing where to go next. Although guidelines for social responsibility have been identified (e.g. ISO 26000), and sustainability reporting frameworks (e.g. Global Reporting Initiative [GRI]) and management systems for individual criteria (e.g. ISO 14001 for environment, OHSAS 18001 [soon to be ISO 45001] for occupational health & safety, etc.) are widely used, there is currently no documented process-based approach to sustainability implementation in existence. Adopting a process-based approach to sustainability implementation that incorporates the key concepts of globally-recognized approaches to sustainability and systems-based management allows for organizations to overcome these barriers. Projects can be broken down into smaller manageable steps to ensure organizations stay on track, allow for the reassessment of stakeholder priorities, and facilitate continual improvement.

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## I. SUSTAINABILITY REQUIREMENT ORIGINS

Supply chain management has made sustainability an issue of extreme importance to millions of organizations through integration within the procurement process. Just like large private sector corporations, public sector organizations find themselves in the unique position of being able to influence their supply chain with their considerable purchasing power. This approach gained considerable attention in 2006 when the Greater London Authority released a strategy, the first of its kind for the public sector, to become a leader in sustainable procurement within the European Union. This concept is now being echoed globally as an increasing number of organizations, from government to education, are incorporating sustainability requirements within their procurement processes.

In Canada, Public Works and Government Services Canada's Guideline for Greening Services Procurement has been developed specifically with the intention of "integrat[ing] environmental performance considerations into solicitation documents for services contracts." General environmental considerations have been included in the Guideline, including the assessment of supplier environmental attributes which can be demonstrated through the use of management systems (e.g. ISO 14001), development of environmental management policies/practices geared to continuous improvement and the management of other environmental impacts associated with service delivery (e.g. waste, travel etc.). Municipalities, such as the Halifax Regional Municipality and the City of Waterloo, have also identified the importance of incorporating a range of sustainability considerations (including environmental, economic, and social) into the procurement process. Post-secondary institutions such as the University of British Columbia and Western University have developed sustainable procurement policies and purchasing guides for their stakeholders.

A number of other sector specific sustainability requirements are in place. For example, over 39 Colleges and Universities across Canada are signatories of the Talloires Declaration which identifies a 10-point action plan - sustainability in education and research, improving environmental literacy, creating an institutional culture of sustainability, improving institutional ecology (including resource conservation, waste reduction, including recycling etc.), stakeholder engagement, capacity building, and outreach. With all these requirements, where does a public sector organization effectively begin or continue its sustainability journey?

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## II. MAKING SUSTAINABILITY WORK

In order to ensure the continued success of any sustainability program, organizations must make the following organizational commitments. They include:

### 1. Committing to transform by building onto existing systems

Organizations should allow for flexibility within their plans in order to accommodate the fact that sustainability is a living management principle. By adopting a process-based approach, sustainability will be integrated within existing processes, ensuring the success of any sustainability initiative.

### 2. Breaking down silos

Ownership of sustainability isn’t confined to a specific department or individual. It is something that must be internalized by all departments within an organization. Working together to address sustainability minimizes redundancies (e.g. data collection) and increases efficiencies.

### 3. Adopting a process-based approach

Rather than reactively implementing sustainability initiatives, proactively review and adopt the process to support that initiative, for greater success. A process-based approach will provide organizations with the ability to identify and prioritize what is relevant from a sustainability perspective and provide guidance on how to proceed and continually improve to ensure effective programs, in addition to meaningful stakeholder reporting.

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## III. SUSTAINABILITY DEFINED

All organizations, including those in the public sector, must address the following four sustainability criteria, consistent with supply chain requirements and ISO 26000, for a well-rounded sustainability program. Naturally, an organization may gravitate toward its own language to describe the following criteria, so long as each is represented in the overall sustainability program.

**Environment:** Organizations must consider the direct and indirect environmental implications of their actions and implement an environmental management system framework (e.g. ISO 14001, either formally [i.e. certified] or informally [i.e. adoption of principles]) to continually improve and manage their impacts, risks, opportunities and legal obligations. Locally, the Cities of Edmonton, Kitchener, Hamilton, Halifax and the Region of York, Municipality of Waterloo, Durham, and Town of Richmond Hill are all ISO 14001 certified. The benefits of implementing an environmental management system extend well beyond simply reducing environmental impacts; as identified by the City of Edmonton, benefits have ranged from legal to economic, ethical, commercial, and safety.

**Operating Practices:** This is the collective term for ethics, human rights, occupational health and safety, and other employment practices. Organizations are encouraged to develop a Code of Conduct that defines their position on specific issues pertaining to operating practices and take steps (e.g. communication, assessments/audits) to ensure their suppliers are also following their Code of Conduct. Organizations are encouraged to implement management system frameworks for occupational health and safety (whether certifiable, such as OHSAS 18001/ISO 45001, or informally) to continually improve, control risk and improve performance; the City of Mount Pearl, Newfoundland & Labrador has successfully implemented OHSAS 18001 to do exactly that.

**Products and Services:** Public sector organizations have a responsibility to provide services that minimize potential negative impacts. Considerations should include the environment, the community and labour practices through the supply chain (e.g. procurement). These ideals have been echoed through Ontario's Broader Public Sector (BPS) Procurement Directive's inclusion of 'legitimate objectives' through the procurement process.

**Community:** Public sector organizations have a direct impact on local communities and should share common goals with other stakeholders in order to achieve community betterment.

Five sustainability principles, consistent with ISO 26000 guidelines, must also be considered for every sustainability initiative an organization is undertaking. They are defined by their direct ethical and social impacts on the environment, society and economy, and are also confirmed in the BPS Procurement Directive's Principles. The five principles include:

**Accountability:** Being answerable for impacts on society, the economy, and the environment as well as decisions and actions taken.

**Compliance:** Meeting all applicable regulatory requirements including environment, labour, health and safety, fiscal, security, and personal privacy.

**Ethical behaviour:** Demonstrating honesty, equity, and integrity. These values imply concern for people, animals and the environment in addition to a commitment to address the impact of an organization's actions and decisions on stakeholder interests.

**Stakeholder interests:** Addressing interests of customers, investors, employees, and other groups who are directly impacted by the organization. Organizations must demonstrate a regard for stakeholder interests, legal rights, and respond to expressed concerns.

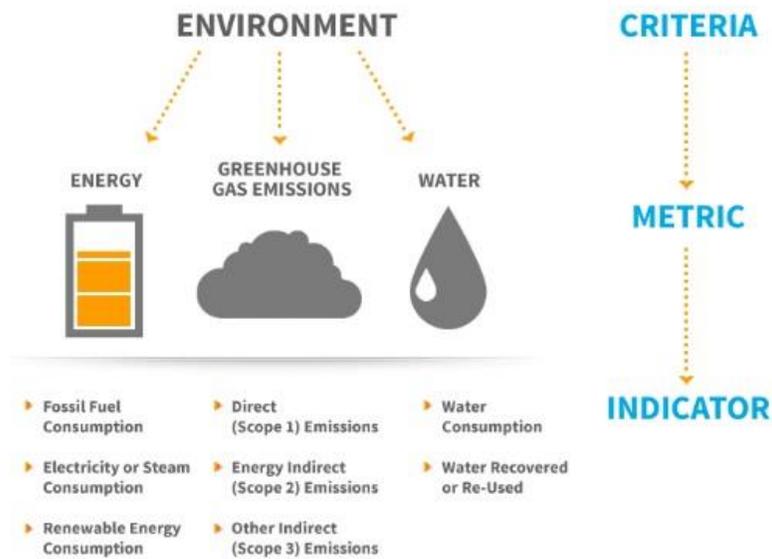
**Transparency:** Openness and willingness to communicate sustainability initiatives without compromising proprietary or privileged information.

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## IV. SUSTAINABILITY METRICS

Metrics define sustainability for an organization. Relevant metrics for each sustainability criterion must be identified. Metrics that are considered to be material to an organization will have identified links to significant economic, environmental, and social impacts. In order to identify material metrics, a risk-based approach that considers stakeholder priorities must be used. As such, metrics that may be material to one organization may not be material to another. Indicators for each metric should be chosen in order to monitor per-

formance (Figure 1). For instance, applicable metrics in the public sector related to Operating Practices include diversity and equal opportunity, labour relations, and occupational health and safety. Material metrics that fall under the Community criterion could include stakeholder engagement, community development, and philanthropy. Finally, material metrics for the public sector to satisfy the Services sustainability criterion include supplier engagement and responsible sourcing.



**Figure 1:** Material metrics identified for Environment (1 of the 4 sustainability criteria) and associated indicators

How does an organization begin or continue to manage sustainability when a number of material metrics and indicators have been identified? A process must be developed to prioritise what must be addressed first or next, and can include considerations such as compliance, resources (e.g. time, financial, human), reputational risk, etc.

## V. 13-STEP PROCESS-BASED APPROACH TO SUSTAINABILITY IMPLEMENTATION

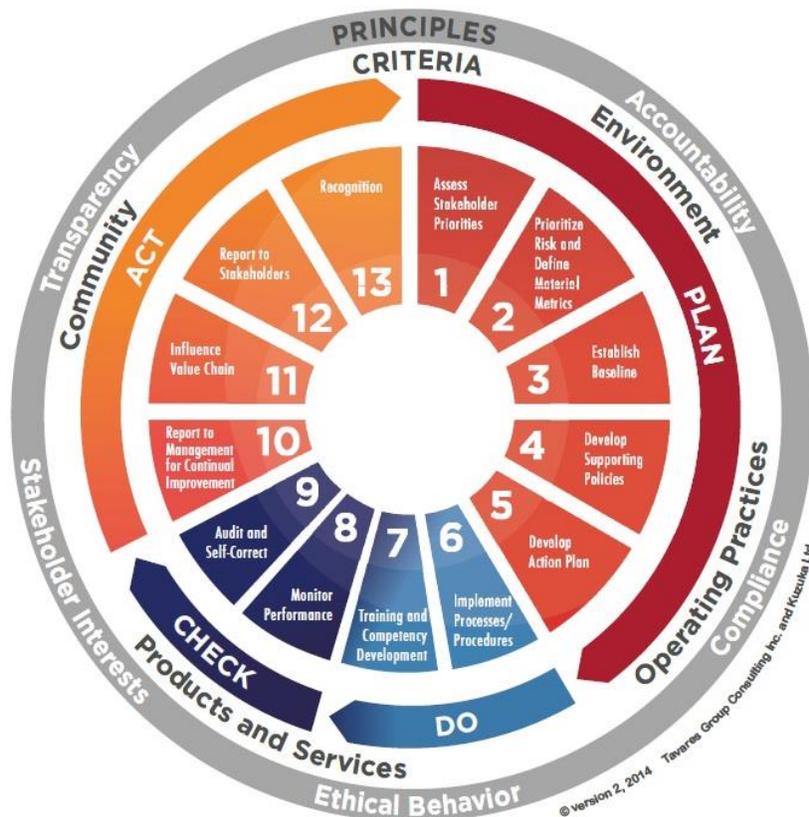
Development of the 13-step approach to sustainability implementation was guided by extensive supply chain research conducted into the sustainability reporting requirements of dozens of the world's largest buyers of products and services. Research and data collection focused solely on publicly available information. Trends were identified with key findings from the supply chain research being integrated into the 13-step process, including:

- Desire for management system approaches to sustainability
- Engagement with suppliers to ensure sustainability principles and criteria are being implemented throughout supply chain
- Management and reporting of key environmental and operating metrics

- Adoption of life cycle approaches to reduce the impacts of products and services

Based on the integration of the management system approach (i.e. Plan-Do-Check-Act [PDCA] continuous improvement cycle used in ISO 14001 and OHSAS 18001) with globally-recognized sustainability principles and criteria found in the ISO 26000 Guidance on Social Responsibility, the 13 step framework provides a practical, systems-based methodology to sustainability implementation that leads to continual improvement.

The 13 steps and associated phases of the PDCA framework are identified below. The arrows indicate the cycle of continuous improvement, which is a result of the PDCA approach. This same process should be followed when addressing criteria and/or metrics. The Sustainability Principles comprise the outer ring of the wheel to indicate that they apply to every sustainability initiative.



**Figure 2:** The process-based approach to sustainability implementation

This process-based approach to sustainability fills the implementation gap while also providing a supportive implementation framework for the public sector. Other benefits to using a process-based approach to sustainability implementation include:

- Continual identification and prioritization of sustainability initiatives as a result of stakeholder priorities;
- The ability to build upon **existing processes/systems within public sector organizations to ensure minimal disruption;**

- Using a **practical framework** that will leverage, align, unify, and guide an organization's many plans, policies, programs and initiatives;
- Provides a **consistent** organization-wide approach to decision-making.

The 13-step approach was based on the globally recognized principles of social responsibility identified in ISO 26000, which are echoed in the strategic directions and mission, vision, values of many public sector organizations.

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## VI. SUSTAINABILITY AND THE BOTTOM LINE

Integrating sustainability within the public sector is directly aligned with operational and economic objectives. By identifying and managing material sustainability metrics, the basic priorities of a public sector organization, such as ensuring the safety of personnel and the communities in which they operate, and having the ability to anticipate and respond to compliance requirements, can be met. Operating costs can be reduced by identifying and managing environmental impacts (e.g. reducing electricity, water usage etc.). By managing operating practices (e.g. labour relations, occupational health and safety etc.), employee retention, availability of skilled workers, and productivity rates will remain high, effectively lowering administration costs associated with hiring and training new employees. The inclusion of life cycle considerations and responsible sourcing within the procurement process also ensures the efficient use of budgets.

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