
REPORT TITLE: Diverse Supply Chain Program Pilot

FROM: Gary Kent, CPA, CGA, ICD.D, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

That a pilot program to embed supplier diversity into select Region of Peel procurement opportunities to increase equitable access for third-party certified diverse Vendors, be approved;

And further, that the Director of Procurement be authorized to enter into agreements with established third-party certification organizations as required to verify diverse suppliers.

REPORT HIGHLIGHTS

- Peel Region staff are evaluating options in support of Regional Council's direction to address systemic discrimination and have identified a supply chain diversity program as a tool that can support equity-seeking groups in select Regional procurement processes.
 - The post-pandemic economic recovery presents the opportunity for organizational transformation and intentional re-building of existing systems guided by the values of social justice.
 - Similar programs are currently in use by other municipalities, including local municipalities in Peel. It is appropriate that any future supply chain diversity program be aligned to this direction.
 - Staff are seeking endorsement and approval to proceed with the piloting of a supply chain diversity program and invite any feedback from the Diversity, Equity and Anti-Racism Committee to assist in its development.
 - Ongoing operating costs for the program are estimated to be up to \$30,000 per year.
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DISCUSSION

1. Background

The Region of Peel is rooted in the community as an anchor institution by virtue of its size and its annual economic contributions through operations, delivery of programs and purchased goods and services. This economic influence can be harnessed so that it positively contributes towards improving the environmental, economic, and social well-being of the community.

Starting in mid-2021 Peel Region staff from Procurement and the Office of Culture and Inclusion began discussions on possible ways Peel Region can address inequities and systemic discrimination within Procurement processes that align with the organization's Diversity Equity and Inclusion Strategic Framework. The option of a supply chain diversity

Diverse Supply Chain Program Pilot

program was identified as a tool that can support a wide range of equity-seeking groups and is currently in use by other municipalities, including local municipalities in Peel.

As an initial step, staff authored the “For Information” report *Social Procurement Through Supply Chain Diversity* which was received by the Diversity, Equity and Anti-Racism Committee (DEAR) on September 16, 2021 (DEAR-3/2021), detailing options that seek to create opportunities for underrepresented and equity-seeking groups within procurement. It concluded that the most advantageous option for Peel Region and for the local vendor community would be to consider alignment with similar existing or planned regional programs.

2. Findings

Diversity, equity and inclusion benefits result from investment in organizational transformation and a commitment to intentional re-building of existing discriminatory systems. Recognizing that current procurement practices at the Region of Peel are consistent with best practices in public procurement and applicable laws and by-laws aimed at avoiding both discrimination and preferential treatment through processes that are open, fair, competitive, and transparent; supply chain diversity initiatives seek to integrate inclusive practices systemically to build equity for under-represented groups.

Supply chain diversity programs create equitable access to specific procurement opportunities for diverse suppliers to submit bids, without separate rules or compromising on quality, cost, or service requirements expected of all vendors, resulting in more diverse supplier base and supply chain.

The City of Brampton and the City of Toronto have existing supply chain diversity initiatives and City of Mississauga is in the process of developing its own program.

Exemplifying this strategy, City of Toronto's Social Procurement Program has a successful track record since launching in 2016, issuing a total of \$4.5M worth of City contracts to diverse suppliers from 2017-2019. The program forms the foundational basis for similar initiatives adopted by other organizations, including the City of Brampton's current program and City of Mississauga's future program in development.

These programs rely on third-party certification bodies to verify diverse suppliers who are then invited to submit bids for invitational procurement opportunities. Both programs require certification of diverse suppliers through established non-profit organizations that include:

- Canadian Aboriginal and Minority Supplier Council
- WBE Canada, Certified Women Business Enterprises
- Canadian Gay and Lesbian Chamber of Commerce
- Canadian Council for Aboriginal Business
- Inclusive Workplace Supply Council of Canada
- Buy Social Canada (for City of Brampton program only)

In order to be certified, vendors are required to have a paid supplier membership within these organizations. In addition, purchasers require paid corporate memberships to access the list of certified vendors.

Diverse Supply Chain Program Pilot

Although a standalone Peel Region program is possible, it would miss out on benefits from aligning to other existing municipal programs. Similarities among municipalities within supply chain diversity programs benefits from existing awareness and reduces inter-jurisdictional confusion and barriers for the local vendor community.

3. Proposed Direction

Recognizing the role of the DEAR committee is to advise Regional Council of systemic barriers and diversity issues that may impact Regional policies, programs and services, staff seek the DEAR committee's endorsement and approval to proceed with the piloting of the Program and invite any feedback from the Committee to assist in the Program's development.

To proceed, staff propose the following direction be taken within 2022 (i and ii), with an anticipated launch of the pilot for 2023 (iii). These steps include:

- i) Additional external consultation to understand how other existing supply chain diversity programs are structured and ensure Program alignment to similar initiatives being taken by our municipal colleagues;
- ii) Convening of internal supports including:
 - a. Organizational Advisory Group with role of an internal sounding board during the design and implementation of the Program so that it is aligned to existing and future strategic frameworks and programs across Regional departments. Representatives of the group could include Office of Culture and Inclusion, Procurement Leadership Team and Legal Services.
 - b. Procurement Working Group composed of procurement staff to provide support in the design of the Program to ensure that it can be integrated into existing procedures.
- iii) Piloting use of invitational procurement processes within select departments based on analysis of their past procurement methods and values, with the vision for a wider roll-out across the organization following piloting phase.

RISK CONSIDERATIONS

Potential adverse consequences of pursuing the program may include the perception within the vendor community that Peel Region is demonstrating favoritism to equity-seeking groups over traditional vendors and that the program, by using third-party accreditation agencies which charge membership fees to vendors to verify they are eligible to bid on invitational tenders, creates financial barriers.

These perceptions can be addressed through a communications plan to the vendor community that details how the program aims to reduce inequities within the existing Procurement processes using approaches that are more inclusive, verifiable and that adhere to applicable public procurement laws and by-laws.

Recognising that City of Brampton and City of Toronto have similar existing supply chain diversity programs and City of Mississauga is in the process of developing its own, the Peel program would be built on established frameworks already approved by local municipal and other councils.

Diverse Supply Chain Program Pilot

FINANCIAL IMPLICATIONS

There is sufficient funding in the 2022 Procurement budget to fund the development of the supplier diversity program pilot.

Commencing in 2023, ongoing operating costs for the program are estimated to be approximately \$25,000 to \$30,000 per year for corporate membership fees to third-party certification bodies. This cost will be included in the proposed 2023 Budget for Council's consideration.

CONCLUSION

Recognizing the role of the Diversity, Equity and Anti-Racism Committee to advise Regional Council of systemic barriers and diversity issues that may impact Regional policies, programs and services, endorsement from the committee for the supplier diversity program pilot is requested.

This report invites the Diversity, Equity and Anti-Racism Committee to endorse and support piloting a supplier diversity program for select procurement processes within the Region of Peel.

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