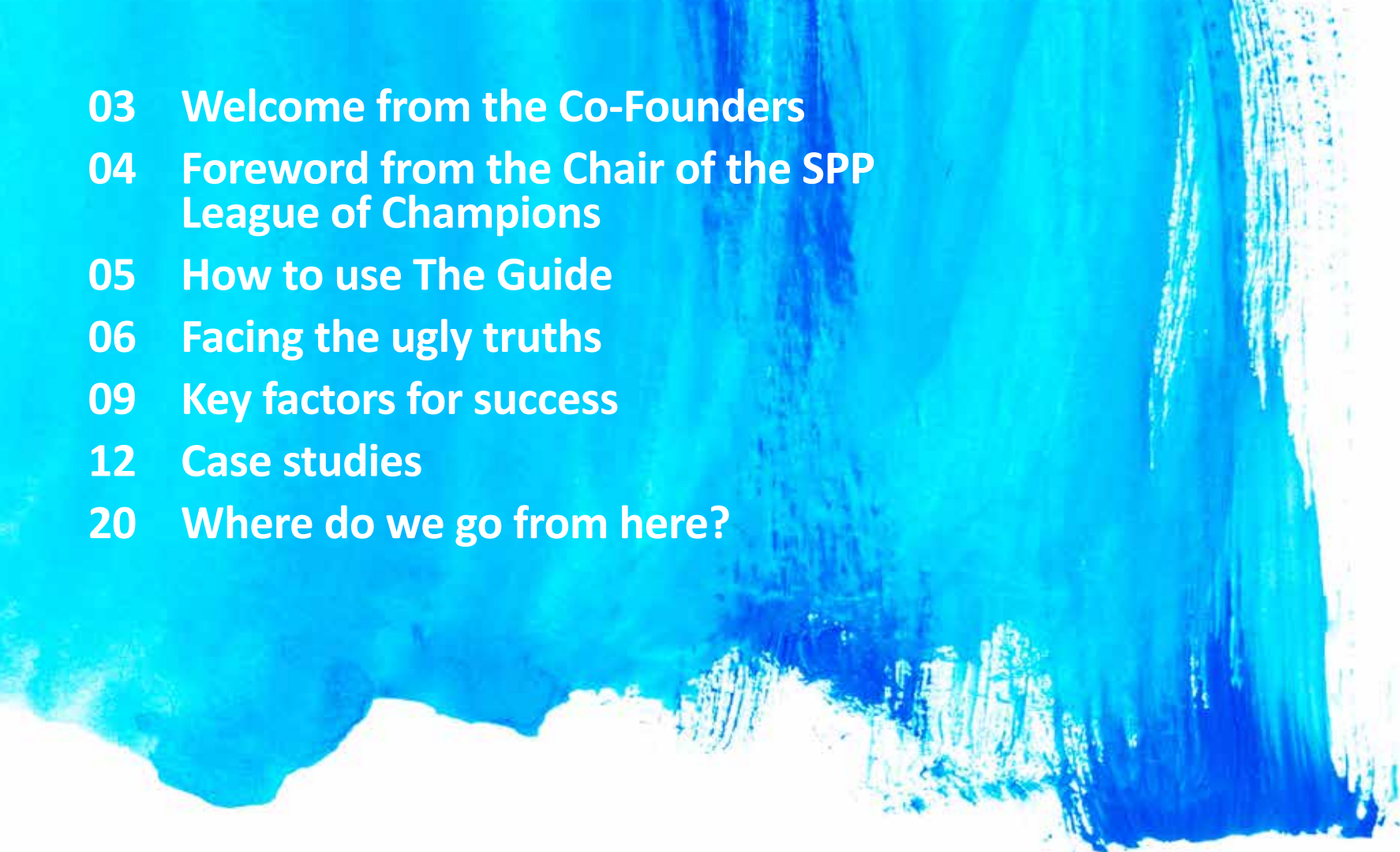


THE GUIDE

FOR PROCUREMENT
BY PROCUREMENT



Sustainable
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- 03 Welcome from the Co-Founders
 - 04 Foreword from the Chair of the SPP
League of Champions
 - 05 How to use The Guide
 - 06 Facing the ugly truths
 - 09 Key factors for success
 - 12 Case studies
 - 20 Where do we go from here?

CONTENTS

WELCOME

from the Co-Founders

Welcome to our esteemed community of procurement professionals, academics, practitioners, and champions of sustainability.

With profound pride and a resounding sense of achievement, we are thrilled to present the very first edition of The Guide by the Sustainable Procurement Pledge (SPP). As Co-Founders of this international bottom-up and non-profit organization, we stand united by a shared vision, bound by an unyielding commitment to fostering responsible sourcing practices.

Our journey began with a resolute purpose: to instill sustainability at the heart of supply chains, recognizing that as stewards of procurement, we hold the power to shape a more ethical and ecologically balanced future. The SPP is more than an initiative - it is a movement, a rallying cry that echoes across the globe. We, the procurement community, are the architects of change, and together, we champion a sustainable world for both humanity and our planet.

Reflecting on the strides we've taken, it is with great excitement that we celebrate the growth of the Champions program. Just over a year ago, we welcomed the first cohort of visionary Chief Procurement Officers (CPOs) who embraced our mission wholeheartedly. Today, their ranks have swelled to over twenty, each investing in the evolution of the SPP and its transformation into a registered NGO. But the true testament of our progress lies not only in numbers, it resides in our unwavering commitment to unity and collaboration.

At its core, the SPP is a vibrant tapestry woven from the threads of collective wisdom and shared purpose. This guide, our shared creation, embodies the essence of our community: a dynamic platform where learning, exchange, and empowerment converge. As we embark on this journey together, we envision The Guide evolving into a living compendium, enriched by the contributions of our global chapters, the broader community, and the champions who fuel our movement.

This first edition marks a key turning point, a landmark on our path toward transformation. This guide is more than a collection of insights - it is a testament to the tangible reality of our shared vision. It demonstrates the power of unity, underscoring that the aspiration of one million procurement professionals united under a common banner is not just a dream — it is a compelling reality.

We stand humbled, as the Co-Founders, to be part of this remarkable community — a force that transcends borders and barriers, setting in motion a wave of sustainable change. As we unveil this inaugural edition of The Guide, we look ahead with unwavering resolve and an unwritten future. Thanks to our community, for your tireless dedication and boundless belief. Let us continue this journey together, forging ahead toward a future where sustainability is not a goal, but an inherent part of the way we procure and shape our world.



Bertrand Conquéret
Co-Founder



Thomas Udesen
Co-Founder



FOREWORD

from the Chair of the SPP League of Champions

The Sustainable Procurement Pledge Team is proud to be introducing The Guide, the first version of a dynamic learning and exchange environment for sustainable procurement and everything associated with it. This living document is committed to continuous development and growth, welcoming ongoing contributions to enrich its content and insights.

This has only been possible through the great work and dialogues between more than 20 visionary, daring and innovative Chief Procurement Officers – representing some of the largest, creative and innovative global companies.

They have come together under the SPP's Champions Program, which includes company representatives from across procurement and other executive leaders. They contribute in two forums, each with a distinct purpose. Firstly, the League of Champions, a trusted environment where they dared to share, learn, be vulnerable and talk about the difficult challenges. Listening to their teams, their partners and other stakeholder voices.

The SPP Champions also form part of the SPP's Transformation Panel, helping to steer our broader goals and strategy.

Based on the learnings from our Champions and wider SPP Community, we have created a collection of best practices, successes and failures to support the way forward for everyone in our shared ecosystem, including all stakeholders dealing with procurement and sustainability in general.

This is not a 'top down' guide, but a learning tool environment of cool sustainable procurement stuff created by all of us, validated, improved and brought to life in a non-proprietary open forum. We believe that to reach ambitious sustainability goals, we must come together and learn from each other. We will not achieve our targets by going at it alone.

To ensure sustainability solutions get implemented – connecting the points of the triangle between procurement, sustainability and supply chain has never been more important. Moving forward, these three areas now need to work in an integrated way, underpinned by technology, to bring all the elements to life and to engage the right stakeholders. This is how together we will make things happen. It's crucial we make the move together from ambition to impact.

We welcome everyone onboard!



Henrik Larsen
Chair of the
SPP League of
Champions



HOW TO USE THE GUIDE



Procurement professionals around the world - including current and future procurement leaders - want to more easily embed sustainability into procurements' mindset and ways of working.

It's not easy to do. There are many distractions. Sustainability can be confusing and noisy.

The future of procurement can be exciting, with sustainability at the heart of it. People, planet and the profession itself depends on it.

The Guide intends to provide:

- A reality check of the 'ugly truths' that procurement leaders face as a challenge in their journey to embed sustainability across their organizations
- An energizing review of the key success factors that are critical to making real progress and lasting change in procurement practices
- The practical, real stories from those overcoming these ugly truths, and delivering and proving these successes

The SPP Guide is being created for procurement, by procurement and spearheaded by the Sustainable Procurement Pledge. CPOs and procurement transformation leaders across many organizations have shared what they wished they had known at the start of their journey; and what they recommend you do moving forward.

A team resource

Regardless of where you are on the journey, The SPP Guide is intended

as a sense-check of your thinking, plans and progress - using the often hard lessons learned along the way by others. It hopes to ensure that you have the key things in place to succeed.

Perhaps ask your team to work through it together and compare their feedback against your own plan.

Maybe bookmark it to keep track of new ideas, lessons learned and pitfalls to avoid.

And, based on your own experiences, consider what you want to add that could help others - and drop us a line, so we can share that knowledge and grow as a community.

How will The Guide evolve?

The SPP Guide will evolve as sustainable procurement progresses. It is crowd-sourcing the case -studies of all procurement professionals everywhere, to help you navigate, understand, use and report back on. The aim is to make faster and more confident progress, together.

The SPP Guide is initially a snapshot of the current successes, challenges and case-studies of a group of organizations that are helping to fund, develop and learn from the Sustainable Procurement Pledge - the SPP Champions.

To help navigate all the content, tools and case -studies - we aim to build a Knowledge Hub for all procurement professionals. Case -studies will be collected, checked and easily organized and filtered across a number of topics. The SPP Guide will act as a compass to check and navigate your course through sustainable procurement.

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FACING THE UGLY TRUTHS

Sustainability isn't always a priority

WHAT'S THE ISSUE?

In many businesses and industries, cost cutting, inflation, profit, and sales remain top priorities. With the constant emergence of crises like COVID, Ukraine, and natural disasters, companies struggle to handle the multitude of competing priorities. As seemingly more complex challenges appear on the horizon, there is a tendency to push others – especially ones considered longer-term risks, like sustainability - to the back of the queue.

WHY IT HAS AN IMPACT

If we are to meet the UN Sustainable Development Goals, we need sustainability to be embedded in corporate decision-making processes. The concept of 'sustainable and responsible procurement and sourcing' should become obsolete, it should be a given, and simply called 'procurement and sourcing'.

HOW TO OVERCOME IT

- Understanding the impact a business has on the environment is key to recognizing the problem.
- Re-prioritization is needed and an awareness that without the necessary resources available to address sustainability issues, organizations will cease to exist as costs will increase driven by resource shortages.
- Reassessing supply chain and operations to ensure they embed sustainable ways of working.



Lack of organizational alignment

WHAT'S THE ISSUE?

Each function sets their own objectives, however, these are not usually interlinked which leads to a misalignment of priorities.

WHY IT HAS AN IMPACT

The organization will not be working towards a common goal, which will create duplication of efforts and waste of resources. A lack of internal alignment means there is a risk that the final desired outcome won't be achieved.

HOW TO OVERCOME IT

- Procurement has the opportunity to be the interconnector between the different functions of the organization.
- Establish clear top-down priorities ensuring each function and person in the organization is clear on the vision and objectives as a business.

Procurement isn't part of goal-setting

WHAT'S THE ISSUE?

Procurement does not yet have a guaranteed seat at the table across all businesses and is not seen as a key contributor or partner. Due to this, the procurement team is not directly involved in the initial stages of goal-setting or objective formulation.

WHY IT HAS AN IMPACT

If procurement is not involved in the goal-setting process, there is a risk of misalignment between business objectives and procurement strategy. This misalignment can lead to difficulties in fulfilling the business goals effectively.

HOW TO OVERCOME IT

- Establish cross-functional collaboration.
- Educate stakeholders about procurement's value.
- Participate in strategic planning sessions.
- Demonstrate alignment with business objectives.
- Foster a culture of collaboration.

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Internal competition to fund initiatives

WHAT'S THE ISSUE?

As priorities are not always aligned, funding is provided without looking at the big picture and making sure the right projects are prioritized at the right time, based on the overarching business strategy.

WHY IT HAS AN IMPACT

An organization will struggle to drive transformational change if there is no resource available to deliver the initiatives required. Funding is key at this stage, especially in organizations that are just starting their journey to build a sustainable business.

HOW TO OVERCOME IT

- Having a central budget to fund sustainability initiatives.
- Resetting the budgeting process, ensuring every initiative has prioritized the sustainability agenda and will deliver its objectives following these principles.
- Set sustainability as a priority over other initiatives or activities.

Sustainability is confusing and complex

WHAT'S THE ISSUE?

The sustainability landscape is evolving at a rapid pace. It requires companies to help build the capability gap that exists in most organizations to ensure teams have the expertise to make informed decisions and support other stakeholders on the journey. Complexities are further compounded by the lack of standardization and tracking measures across different industries and countries.

WHY IT HAS AN IMPACT

Due to the gap in education, not all resources are fully aware of the impact and importance of driving sustainability and once they are aware, they do not know how and where to start. Procurement teams – and other internal teams – need support in order to be empowered to drive the changes required.

HOW TO OVERCOME IT

- Establishing a learning and development program with training specific to sustainability.
- Network with peers working towards the same goals.
- Engage with external organizations and experts on the topic.

More legislation is coming. Faster.

WHAT'S THE ISSUE?

Changes in legislation are coming at a significantly fast pace with limited guidance and support to ensure organizations have a clear understanding of the ask and how to comply to the requirements.

WHY IT HAS AN IMPACT

It will create duplication of efforts and organizations will not know where to focus their resources due to the considerable amount of changes happening.

HOW TO OVERCOME IT

- Networking and staying in touch with your peers to ensure you are following the latest requirements.
- Staying up to date with the latest legislation.
- Being part of other external organizations, including the Sustainable Procurement Pledge.



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Lack of data and consistent methods

WHAT'S THE ISSUE?

We like to think we are well connected with our supply chain partners and that their data flows seamlessly into our systems. The reality, in many cases, is exactly the opposite. We don't get the data, we don't get the right data, we don't get the data we asked for or the data is simply not available.

WHY IT HAS AN IMPACT

Without transparency in upstream and downstream activities, it's impossible to provide customers with accurate insights on a company's performance and ESG impact. It also means companies are unable to set benchmarks and meaningful targets for improvements.

HOW TO OVERCOME IT

- Be prudent, accurate and direct with partners.
- Be specific about the data sets needed, the format for delivery and deadline.
- Involve digital teams to help solve data transfer and any other technical issues.

Inconsistent supply chain visibility

WHAT'S THE ISSUE?

Organizations are tracking their carbon impact in a variety of ways across the board, which doesn't necessarily match the same mechanism suppliers are using. There is no central function or organization setting shared guidelines that need to be followed.

There is also a wide range of certifications in place, making it difficult to ensure everyone is tracking their impact to the same framework.

WHY IT HAS AN IMPACT

As a supplier, trying to respond to multiple customer requests for the same data, but in different formats or with slightly different requirements, can be challenging. Due to the significant burden it places on organizations, companies need to factor in the need for dedicated resources to track carbon emissions and other environmental and social impacts.

HOW TO OVERCOME IT

- In the absence of centralized organizations developing standardization for companies to follow, there is potential to overcome this problem through information sharing across industries and companies to create a shared approach.

Conflicts in procurement team's goals

WHAT'S THE ISSUE?

Are we clear where to focus and prioritize our time and resources? Are our overall objectives aligned with the company strategy - especially on the ESG agenda? Are we pressured with conflicting priorities as time and conditions change? Inflation, scarcity, change of suppliers, cost increases – the list goes on. With so many competing elements, holding on to our ESG goals can be tough.

WHY IT HAS AN IMPACT

The ESG agenda is a long-term commitment, often with goals not being realized for another 20 – 30 years. But, just because that feels like a long way off, companies need to make meaningful commitments now and create a realistic roadmap for success.

HOW TO OVERCOME IT

- Procurement needs to own the pathway on cost and commitment on the ESG journey.
- If there needs to be corrections to short-term goals, these need to be transparent and visible and justified in relation to the long-term objective.
- Agreeing clear goals, aligned across the business, is crucial. These need to be based on commitments from an executive level.

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KEY FACTORS FOR SUCCESS

Internal engagement is crucial to success

WHAT'S THE ISSUE?

No single department can be successful in reaching a company's ESG goals in isolation. Each division needs to work towards the same overall goal but has a different role to play.

WHY IT HAS AN IMPACT

Companies who are open and transparent about their departments' roles and how they interact will almost certainly be more successful in achieving common goals compared to companies who don't take this seriously.

HOW TO MAKE IT WORK

- Companies need to be clear about their priorities, so teams understand the role they play.
- Creating the right sponsorship and leadership of the overall roadmap and supporting projects is crucial. This begins with developing the strategy, delivering on customer promises and creating the ecosystem of partnerships that will bring the strategy to life and achieving success.



Explore industry collaborations

WHAT'S THE ISSUE?

Working in partnership with industry peers as part of a shared coalition helps to establish standards and align initiatives to advance the sustainability agenda and create more change, faster. This can be done by creating formal coalitions to exchange best practices and to leverage shared influence with governments and other stakeholders impacting sustainability transformation.

WHY IT HAS AN IMPACT

Acting with a unified voice across businesses and representing a wider congregation of like-minded companies will increase the opportunities for a broader dialogue and, potentially, at a higher level of influence.

HOW TO MAKE IT WORK

- Look beyond avoiding discussing challenging issues with industry peers, driven by a fear of losing competitor advantage.
- Sharing ideas can reveal new opportunities and inspiration, plus an empowering sense that peers are dealing with the exact same issues that are hampering your own sustainability road map.
- Explore ways to drive change through developing industry toolkits, templates, processes and communication material.

Develop supplier relationships

WHAT'S THE ISSUE?

Procurement teams have a unique role to play in creating supplier partnerships. Procurement is the only place in the organization where this can be done as we manage the relationships with the supplier community. Procurement teams need to build the internal processes covering how we liaise, go-to-market and innovate with our supplier base.

WHY IT HAS AN IMPACT

Working with suppliers is key to reaching sustainability goals, through their capacity to innovate, share resources and knowledge plus commit to exploring joint research and development projects.

HOW TO MAKE IT WORK

- It is primarily a facilitation role, aligned with strong business acumen, so having the right people in place to open dialogues up is crucial.
- Clearly articulate why establishing these collaborations is important, what all parties can expect to gain (insights, closer collaboration, cost reduction).
- Ensure the discussions take place legally and in a safe space.
- Show willingness and honest intent to drive the joint agenda.

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Procurement is central to sustainability

WHAT'S THE ISSUE?

Procurement teams are one of the first obvious internal stakeholders in any sustainability undertakings. As companies launch taskforces to address sustainability issues, it's crucial procurement has a seat at the table to help highlight the realities of external factors and relationships.

WHY IT HAS AN IMPACT

This will assist in prioritizing resources, understanding the scope of sustainability-focused projects and the partners who eventually need to be involved. It will also facilitate an early discussion about how to engage the supplier community and the elements needed to develop a communication strategy to present to the market.

HOW TO MAKE IT WORK

- An overview of the company's sustainability strategy and its various elements is key.
- Topics can be broken down in to specific workstreams and allocating the appropriate resources with the relevant skills sets.
- However workstreams are allocated, procurement needs to have an active voice and oversight of project progress.



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Leverage subject matter expertise

WHAT'S THE ISSUE?

In order to be able to add sufficient value and insights to the sustainability agenda and an organization's specific projects – whether environmental, social or governance (ESG) related, procurement teams need to have specific subject matter knowledge. This will enable them to provide valuable context about their sustainability projects to external partners.

WHY IT HAS AN IMPACT

Being able to clearly articulate the rationale behind a company's sustainability targets in jargon-free language that engages suppliers and other stakeholders will significantly improve the outcomes. It is an emerging skillset required by category managers.

HOW TO MAKE IT WORK

- Big organizations with large footprints can create small, sustainability-focused teams within procurement divisions to build capability.
- Train teams to support sustainability fluency to help generate credibility and trust internally and externally.

Celebrating short and long-term wins

WHAT'S THE ISSUE?

When people see signs or success and tangible progress, their enthusiasm helps fuel long-term targets. Even if sustainability goals are mid-term - 5-10 years – or longer, celebrate the wins to maintain momentum and succeed in hitting milestones further down the line.

WHY IT HAS AN IMPACT

Teams thrive on successes and progress. Every incremental success is part of the journey to bigger and more important milestones. Demonstrating the sustainability strategy is working is also crucial for senior leadership buy-in and inspiring the board a company is on the right path.

HOW TO MAKE IT WORK

- Engage internal communications teams to share organizational wins and great a buzz around achievements.
- Ensure communications are carefully constructed, accurate and avoid 'greenwashing'.
- When celebrating wins, align the milestone of the organization's overarching, longer-term sustainability goals.



Don't wait to start, learn while you do

WHAT'S THE ISSUE?

Many companies are afraid to be vocal and communicate about results and what they are doing in this space. The fear of being caught in the public eye by alleged claims of green-wishing or, even worse, greenwashing.

WHY IT HAS AN IMPACT

Sustainability is new to most of us. We are not alone in doing it – and we can't do it alone - we need to engage with a wide stakeholder network. Mistakes are inevitable, in terms of the partners you choose, the reporting you decide on and even the areas you focus on. Only by creating an open learning culture, based on learning from mistakes and calculated risks, will you eventually succeed.

HOW TO MAKE IT WORK

- Create an open, trusted learning environment where you correct failures fast and adopt lean and agile methodologies.
- Engaging people around progress and learning from mistakes to create the space needed to succeed.
- Be open about failures but show what's been learnt along the way.

Show success with numbers and stories

WHAT'S THE ISSUE?

Storytelling works and is a great way of getting people on-board. In many ways the ESG agenda is a grass root movement, spurred on by good stories.

WHY IT HAS AN IMPACT

Sharing only numbers to highlight success is powerful, and enhances credibility. Stories can help bring the numbers to life.

It is important to hear stories from all levels in an organization to capture a mix of experiences, innovations and contributions to drive engagement.

HOW TO MAKE IT WORK

- Be vocal about the successes.
- Measure the path towards hitting strategic goals carefully and in a transparent way.
- Use of combination of communication vehicles to tell stories: annual reports, internal newsletters, town hall sessions and interviews highlighting the work of specific business units, regions or stakeholder groups.

Sustainability linked to performance

WHAT'S THE ISSUE?

Establishing the right Key Performance Indicators (KPIs) is crucial for sustainable procurement. When making conscious decisions about which aspects of sustainability to make a priority for your business – either to build transparency or to drive tangible improvements over time – it is important to remember the key principles of effective KPI design and implementation.

WHY IT HAS AN IMPACT

Clear KPIs not only allow organizations to establish baselines and prioritize areas for improvement, but they also enable companies to communicate their impacts – and highlight any trade-offs – relating to sourcing decisions.

HOW TO MAKE IT WORK

- Implement KPIs that are:
- Specific and measurable, linked to a company or category. Where there is a performance ambition but no data, new processes and data sets must be implemented to establish a baseline.
 - Outcome-based to measure a change in results, not just activities being completed from a 'to do' list.
 - Aligned to overarching business objectives.

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Developing data-driven supplier engagement

Is your case study linked to either an 'ugly truth' and/or 'a key success factor'?

We're focusing on a key success factor.

What does the case study help tackle?

Collaboration with internal clients to develop our Scope 3 supplier engagement program.

What was the outcome and how did you measure it?

Our aim was to drive the procurement category management team to engage with supplier sustainability initiatives linked to Scope 3 emissions. Ultimately, this allows us to show improved performance in our key performance indicator - percentage of spend aligned to suppliers with their own science-based targets for emissions reduction.

Who was involved (departments/roles)? How did you justify it to the business?

We invested in upskilling a procurement data analyst who had a lot of familiarity with the procurement data landscape (spend, suppliers, category taxonomy and business structure) – to understand GHG emissions accounting and modeling. From here, we built a model for estimating Scope 3 emissions from purchased goods and services that is fed monthly by business spend data, and is able to be modulated by all key data elements that are of relevance to the business (category, business unit, supplier maturity, spend, etc). This model also

serves as a data hub for collecting information on suppliers' GHG emissions reductions commitments. We worked in an agile approach, taking real time feedback from category managers, procurement leadership, project management in procurement, and local purchasing colleagues to iterate quickly and develop views that responded to how procurement was used to viewing supplier data.

We now have a Microsoft Power BI data tool that is usable not just for annual sustainability reporting in a silo, but can be used by procurement and the business to target supplier engagement and upskilling based on their importance to our emissions profile and the suppliers' ability to meet our decarbonization expectations.

What are your watch-outs for others attempting this?

The end product became increasingly valuable the more frequently we got feedback from our procurement colleagues. We moved quickly to respond to showing them information the way they wanted to view it and encouraged procurement colleagues to play with the information. This generated interesting questions and feedback that we used not only to improve the data model, but also to inform what sorts of training we should offer to procurement colleagues.

How would you do it differently?

As we continue to mature, we hope our model

will remain dynamic, allowing for us to replace emissions estimates based on spend, with more accurate emissions data – either from data based on the quantity of goods purchased, or from direct emissions data provided by suppliers.

What were the key success factors?

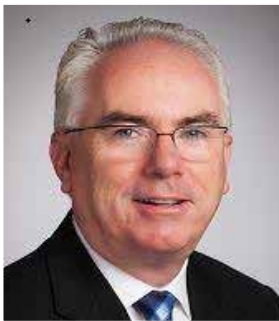
Our key success factors include usability by a broad audience, ability to act on data provided and to quickly view progress against our science-based target regarding supplier engagement.

How would you recommend those with less resources attempt this?

A company does not need a huge third-party software investment, or perfect source data to get started. Build a data model that allows you to identify hot spots in your purchasing behavior and allows you to track supplier maturity so you can reward suppliers for their good work.

Who were the main drivers (the people that were the boots on the ground), and the main leadership sponsors?

Our procurement analytics function and supplier responsibility teams played key roles in making this initiative valuable. They were supported by procurement and sustainability leaders, as well as our Chief Procurement Officer and Vice President of Sustainability, who helped to build the business case for investment, and pushed to set a science-based target.



Chris Shanahan
 Vice President of Global Procurement
 Thermo Fisher



Phasing sustainability strategy development

Is your case study linked to either an 'ugly truth' and/or 'a key success factor'?

Our case study is a key success factor.

What does the case study help tackle?

It addresses how we developed our sustainability strategy by following a logical, step-by-step path, starting with a focus on our internal practices.

In 2022, Walgreens Boots Alliance launched a sustainability tip sheet highlighting our ESG targets and goals, focusing on CO2 and landfill waste reductions. The purpose was to increase category manager knowledge and drive sustainability conversations with our suppliers. The tip sheet was distributed to the entire procurement department.

This baseline knowledge has increased our suitability focus and resulted in significant environmental waste reductions. To capture the results, an ESG Tracker was then created to inform the WBA ESG reporting team of our progress. Due to the heightened understanding of sustainability and its importance in procurement, team members are now better enabled to source sustainably and share in the success of reducing our environmental impact.

Subsequently, a WBA environmental and sustainability questionnaire has been launched as a pilot with our suppliers to gauge their environmental impact, track environmental impact, and prioritize future procurement sustainability initiatives. This survey helps strengthen our environmental stewardship, enhance our supply chain transparency, and helps us continue

to improve on sustainable initiatives.

All three of these initiatives are interrelated. Using these three resources in conjunction with each other enables us to make more informed future buying decisions from our largest suppliers.

What was the outcome and how did you measure it?

This fiscal year we have captured more than 40 significant contract papers with positive environmental impact, which are earmarked for inclusion in our WBA annual ESG report. Each contract has extracted CO2, landfill waste, water savings, GHG reduction, and other environmental benefits.

Who was involved (departments/roles)? How did you justify it to the business?

All procurement members were involved. Having the benefit of corporate ESG goals such as 1.5% CO2 reduction and 5% landfill waste reduction, our entire organization is aligned on sustainability and making progress. Because of this, the program was an easy sell, and was successfully implemented. Simple PowerPoint and Excel solutions that were quick to develop helped and each step has been easy to implement.

What are your watch-outs for others attempting this?

Avoid "how much will this cost?" conversations surrounding sustainability and frame conversations around driving efficiency and reducing waste. Often the Pareto principle can be leveraged, as it's likely

20% of vendors will represent more than 80% of total waste. When the challenge is well defined, it's easier to manage. In our current economic environment, it's likely all firms are looking to save money and reduce waste. Sustainability naturally happens when efficiency is top of mind.

How would you do it differently?

We would have moved more quickly.

What were the key success factors?

A basic foundational knowledge of sustainability within procurement is integral to engaging team members in sustainability initiatives. Providing clear-cut examples of conversation starters with suppliers and outlining organizational sustainability goals were helpful in creating this foundation.

How would you recommend those with fewer resources attempt this?

Our approach cost us nothing – just a bit of time and a drive to move in the right direction.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsors?

The main drivers of these projects included myself alongside Mary Mays, Senior Director, Procurement Centre of Excellence, Bernard Poole, Category Director, Charlotte Yungblut, Procurement Rotational Associate and Conner Law, Assistant Procurement Manager. These people were integral in the creation of the tip sheet, ESG tracker, and sustainability survey.



Liam Bruno
Senior Manager, Procurement Centre of Excellence Program (Risk, ESG)
Walgreens Boots Alliance

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Driving a global supplier diversity program

Is your case study linked to either an 'ugly truth' and/or 'a key success factor'?

It focuses on two key successes - collaboration with suppliers to drive change and innovation and leveraging subject matter expertise efficiently.

What does the case study help tackle?

Our global supplier diversity, social and economic development program aims to create an equitable procurement and contracting process, which encourages diverse supplier participation, enables the growth of diverse and social businesses to strengthen our supply chain and helps clients achieve their inclusion goals.

What was the outcome and how did you measure it?

A formal, global team was built in 2020. Our diverse supplier spend goal of over US\$1bn in 2021 was exceeded and in 2022, we grew it by 32% towards our 2025 \$3bn goal. We've also put in place the foundations of strategic plans through maturity assessments, reporting, development program and alignment to business units.

Who was involved (departments/roles)? How did you justify it to the business?

Our team includes individuals who partner with key business units to identify sourcing needs, a supplier development program lead and a support team. The program is a business commitment to identify, mentor, develop and integrate diverse suppliers into the provisioning of products and services for CBRE and our clients. We work with underrepresented groups to ensure they receive all certification and training needed to support our clients and meet the Billion Dollar Roundtable criteria, which CBRE aspires to earn a seat on.



Rona Fourté
Vice President,
Global Supplier Diversity
CBRE

Supplier Diversity Maturity Assessments were conducted for different CBRE business units to provide an in-depth analysis of the current state and identify areas for improvement. The goal is to provide actionable insights that will enable CBRE to achieve its objectives and thrive in a competitive business environment.

What are your watch-outs for others attempting this?

Give yourself sufficient time to get accurate data and reporting before setting goals and building relationships with key certification agencies. Also, recognize a large difference in maturity between countries on definitions, agencies, companies etc.

How would you do it differently?

- Recognize the data challenges earlier and invest in better partners, separate US versus the rest of the world, and put in place data trust levels depending on the ultimate source of data
- Drive the Tier 2 program earlier and incorporate into overall reporting
- Work hard to ensure it's a business lead, procurement-supported program
- Delay reaching out to sourcing teams until the program is ready and you can better leverage their enthusiasm

What were the key success factors?

The key to our success was a clear strategic vision driven by our clients. This was established when we formalized our program in late 2020 with the goal of spending \$3B with diverse and socially and economically impactful suppliers by 2025 and reaching the [Billion Dollar Roundtable](#).

Subgoals are broken down into business units and regions to help create business ownership and accountability internally.

How would you recommend those with less resources attempt this?

Focus the program on the US and other key countries such as Canada, UK, South Africa and Australia. Aim for a lower spend level but with certified suppliers, i.e., quality over quantity.

Build into your current technologies such as P2P (highlighting diverse and sustainable suppliers), dashboards, supplier onboarding and sourcing processes.

Look at low-cost options such as a registration portal that serves as an entry point for diverse suppliers interested in doing business. We developed a portal that is used to engage suppliers, free of charge and provides global visibility to suppliers and their capabilities for the CBRE team. In addition, the portal automatically alerts suppliers to upload their certifications and renewals and helps manage the supplier onboarding process.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsors?

The dedicated team of eight includes the team lead, four business unit leads, a supplier development program lead, a supplier development specialist, and a data analyst.

DE&I at CBRE is embedded in our strategic priorities and reports to our chief responsibility officer. The supplier diversity team is jointly matrixed to the chief responsibility officer and chief procurement officer, ensuring access to executive leadership and budgets and that strong engagement happens across the business.

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Launching sustainable sourcing standards

Is your case study linked to either an 'ugly truth' and/or 'a key success factor'?

Both! Our ugly truth would be the challenge of building supply chain transparency and driving the engagement required at a producer level to achieve sustainable sourcing. The key success factor would be to just get started by partnering and providing clear direction to your tier-1 suppliers.

What does the case study help tackle?

GSK is committed to a net zero, nature positive, healthier planet, with ambitious goals set for 2030 and 2045. To deliver on our targets, we have developed a sustainable sourcing program to map supply chains for our high impact materials, understand existing practices and collaborate with our supply chain stakeholders.

For some of our in-scope materials, there are robust, globally recognized certification schemes like, the Forestry Stewardship Council and the Roundtable on Sustainable Palm Oil. For others, we found a lack of certifications that would provide a route to achieving sustainable sourcing.

To address this, we worked with internal and external subject matter experts to develop a set of five sustainable sourcing standards that cover impact categories across environment, social and governance. The standards contain a clear list of requirements which must be met for a GSK supply chain to be considered sustainably sourced.

We are now partnering with our procurement team and suppliers to deliver our sustainable sourcing goal.

What was the outcome and how did you measure it?

This year we are piloting the implementation of our standards. We are working with our tier-1

suppliers to map our supply chains and understand the stakeholders and their impact for our pilot commodities. We are conducting our first sustainable sourcing audits at a producer and primary processor level to understand current performance against our sustainable sourcing standards and collaborate to create action plans to close any gaps.

For materials where globally recognized and robust certification schemes exist, we are embedding their use into category strategies and procurement processes such as sourcing and contracting.

We aim to begin measuring the percentage of volume we purchase that meets our sustainable sourcing requirements, whether that's via implementation of GSK's sustainable sourcing standards or purchase of certified material from globally recognized and benchmarked certification schemes.

Who was involved (departments/roles)? How did you justify it to the business?

To create our sustainable sourcing standards, we took input from a broader range of departments including procurement, R&D, corporate sustainability, legal and CGA (Communications and Government Affairs). We also worked with external parties and benchmarked against existing certifications and standards.

What are your watch-outs for others attempting this?

Understanding which commodities and supply chains have the greatest impact and dependency is a critical first step.

Transparency is really challenging in certain supply chains, so be ready to collaborate with others across industry and bring in thought leaders, as well as the

obvious strong engagement you will need with your tier-1 suppliers.

Sustainable sourcing is a transformation, not a small undertaking, so senior level buy-in will be critical to delivering your goals.

How would you do it differently?

My advice to others is an obvious one, speak to your suppliers as early as possible. Tell them what your end goal is and let them recommend the ways you can collectively achieve them.

What were the key success factors?

The key success factors were the sponsorship from our senior leaders in launching our sustainable sourcing program, the support we have had across procurement in beginning our implementation journey, and the engagement we have had with our tier-1 suppliers.

How would you recommend those with less resources attempt this?

Look at how you can join existing programs and initiatives rather than creating your own. There is often great opportunity for cross-industry collaboration where commodities are used across multiple industries, so explore how you can piggy-back onto others' good work.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsors?

We had great sponsorship from our chief procurement officer and the procurement leadership team. We have a small but efficient sustainable sourcing team in place who have developed our strategy and standards, and our procurement function has been brilliant in helping us engage our suppliers to implement them.



Thomas Newbigging
Senior Procurement
Sustainability Manager
GSK

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Making sustainability a top business priority

Is your case study linked to either an 'ugly truth' and/or 'a key success factor'?

In some ways it is both. In terms of an ugly truth, it's the 'big one', that sustainability is not always an immediate priority for the business, but it's also about how we can address this issue.

What does the case study help tackle?

It focuses on how to raise the priority for sustainability practices, particularly in our supply chain, beyond the procurement function. While many of our stakeholders are personally very supportive of sustainability and ESG initiatives, when it comes to trade-offs between cost/profitability and implementing those initiatives, usually cost/profitability wins the argument.

What was the outcome and how did you measure it?

Specific outcomes have been an increase in the number of supplier ESG assessments that have been completed. Currently, over 60% of our global spend is assessed by our partner, EcoVadis. The targets for this are communicated externally and progress reported in our annual integrated report.

We have also recently agreed a number of sustainability-linked loans with banks with some KPIs such as percentage of renewable electricity and percentage of spend under ESG assessment with minimum target scores. Additionally, we have approval to launch a new sustainable supply chain charter. The cross-functional work that we have done to develop this means that there is a very high level of awareness and buy-in to the initiative. We will also use the EcoVadis platform to measure our suppliers' compliance with our charter moving forward. Soon, we will add risk based KPIs in addition to spend targets for ESG assessments.



Jarek Plewniak
Procurement Manager, Supplier
Capability & Development
NSG Group

Who was involved (departments/roles)? How did you justify it to the business?

We started a formal sustainable supply chain initiative in late 2021, sponsored by our sustainability committee and CEO. Initially, we highlighted scope 3 emission reduction requirements as a primary driver of the need for the initiative, because scope 3 emissions are around 50% of our total emissions. But, in addition, we also highlighted increasing risks, compliance challenges with new legislation as key drivers.

A cross-functional steering group was formed with representatives from all business units. Through regular meetings a consensus was formed about how a sustainable supply chain can support the wider business goals:

- Help us to meet the increasingly stringent and demanding needs of our own customers
- Support our compliance with current and emerging legislative requirements such as Germany's supply chain due diligence regulations
- Position the company to meet the ESG expectations of investors
- Reduced risk in our supply chain – recent examples have been a supplier whose plant was shut down for environmental infringements with the potential to stop our production or even production at our customers' facilities
- Increase employee engagement and motivation – people want to work for a company that is taking real and meaningful action on sustainability, not only in its own operations but also in the supply chain
- Enhance our brand

What are your watch-outs for others attempting this?

You must link what procurement is trying to achieve with business goals or pain points, such as the ones

mentioned above. It is also key to demonstrate that sustainability does not have to be an additional cost. In many cases, it can help reduce costs and also risk – sharing case studies widely across our business has been key, particularly in the energy area, where we have had great success via a global energy management program launched in 2012. This was extended to energy and carbon management in around 2018.

What were the key success factors?

Aligning procurement actions and goals with business priorities and pain points. Having deep engagement with business stakeholders in the process. You have to win the hearts and minds of the stakeholders first, and this takes some time, but is crucial.

We also involved a consulting partner for the project. The cost was relatively low but the impact and value of their involvement was very high.

How would you recommend those with less resources attempt this?

Start small. Pilot something in one region or business unit. You might consider a consultant to support, but be careful who you select.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsors?

Having the sponsorship of our CEO and sustainability committee was extremely important. The right project lead is also critical – we started with a senior, experienced and credible procurement person, who launched this as a project before retirement, and could dedicate a lot of time to this. And then we identified the right person to pick up the leadership of the initiative. Sponsorship by the chief procurement officer is also key.

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Managing ESG risks with supplier due diligence

Is your case study linked to either an 'ugly truth' and/or 'a key success factor'?

It relates to the key success factor category.

What does the case study help tackle?

The case study focuses on how Schneider Electric responded to a changing legal landscape due to the introduction of the Duty of Vigilance in France in 2017. The Duty of Vigilance applies to multinational companies located and operating in France. It was introduced to mitigate the risks to human rights and the environment. In the case study, we explain how we incorporate this change into our supplier due diligence program.

What was the outcome and how did you measure it?

Schneider Electric has over 53,000 active suppliers, and we needed to identify which suppliers had the highest due diligence risk. We achieved this by first joining the Responsible Business Alliance (RBA), a coalition dedicated to corporate social responsibility in global supply chains. Then, we leveraged the RBA methodology and combined this with our own intel on category specific exposures to determine those that were the highest risk. Once these suppliers were identified, we conducted on-site audits to determine non-compliance. Between 2018 to 2020, we performed 374 on-site audits and identified over 4,300 non-compliances. In 2021 and 2022, over 420 on-site audits were carried out with 5,800 non-compliances identified. We then work closely to address these non-compliances with the supply partner.



Bernard Faure-Geors
Procurement Director
Schneider Electric

Who was involved (departments/roles)? How did you justify it to the business?

The program was led by our Sustainable Procurement team and was supported by our global corporate sustainability department. There is also an escalation process to the Chief Procurement Officer (CPO) so that when a serious non-compliance is discovered, a detailed report is provided. The report covers whether there is a business case for continuing with the supplier and, where a valid reason exists, an action plan and deadline for the supplier to correct the non-compliance.

What are your watch-outs for others attempting this?

- Set up a committee at the executive level - not only within the Procurement function.
- Get sponsorship from the CPO and determine who else needs to be engaged.
- Prioritize the high-risk suppliers. To achieve this in complex supply chains, avoid long internal discussions by setting processes in place and leveraging external tools and programs.
- Align with the Procurement team to agree on what's needed and define a framework for escalation.
- Educate your internal teams on the benefits, go beyond saying due diligence "is now the law".
- Embed the outcomes as KPIs at the executive leadership level
- Clarify budget and match it to the scale of the organization's ambition

- It's possible to leverage local, third-party agencies to execute audits. But ensure efficiency, internal teams on the ground need to be available to give support.

What were the key success factors?

Having internal stakeholders engaged, from top executives right through to the whole business. Also ensure the usual levers of people, process and technology are aligned. We succeeded because our people were motivated, the RBA gave us the process and the technology was simple to use. However, you need to have clean data across your supply chain.

How would you recommend those with less resources attempt this?

Start with a remote questionnaire and focus on on-site visits to the suppliers where risks have been previously identified. Build and leverage a strong relationship with your suppliers so that they are willing to go on this journey with you.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsors?

Across Schneider, all our Procurement leadership teams are engaged and our leadership sponsors included the executive committee, the corporate citizenship and institutional affairs senior vice-president, the chief procurement officer, and many other executives to ensure awareness was generated across the whole organization.

We also set up a dedicated team of full-time auditors. In some countries, where there are fewer high-risk suppliers, we use part-time auditors.

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Mapping suppliers' progress on Scope 3

Is your case study linked to either an 'ugly truth' and/or 'a key success factor'?

It is linked to a key success factor.

What does the case study help tackle?

The case study helps to tackle collaboration with suppliers on Scope 3 emissions. We have identified our top 50 suppliers, based on Scope 3 emission contribution from category 3.1 - purchased goods and services - and approached them with several questions about GHG emissions, with support from a consultancy. With this supplier engagement program, we aim to promote sustainable practices in our supply chain and reduce our Scope 3 emissions. Based on 2021 data, these 50 suppliers cover 57% of our total Scope 3 emissions and are responsible for 58% of our total spend.

What was the outcome and how did you measure it?

The outcome was a comprehensive overview of the maturity of our top 50 suppliers in terms of climate change actions and the ability to define specific follow-ups depending on the level they are at to improve their performance. They have been classified in different maturity levels - advanced, high, medium and low. The outcome was measured with KPIs including how many suppliers answered the questionnaire, the percentage of suppliers we were able to evaluate GHG emissions for and the number of advanced and high-level suppliers we identified as a result of the project.

Who was involved (departments/roles)? How did you justify it to the business?

The procurement department was involved, especially the group procurement manager for sustainability & ESG. The investment came from our central procurement budget.

What are your watch-outs for others attempting this?

Carefully select the suppliers that you add to the program - we selected them based on their Scope 3 emission contribution. But you can also select based on spend or volume or take a mixed approach.

What were the key success factors?

One of the key success factors was the 92% response rate from suppliers. This project has helped to raise awareness that sustainability and, especially, CO2 emission reduction are very important to us.

We have also received LCA (Life Cycle Assessment) values from almost 30% of these suppliers, and more are expected in the coming weeks. This will be the new foundation of our Scope 3 reduction tracking.

How would you recommend those with less resources attempt this?

I would suggest to outsource the work to an external consulting firm, which is specialized in sustainability, if your budget allows.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsors?

The Group Procurement Manager Sustainability & ESG and two external consultants were the key players who approached the suppliers and requested regular updates. The sponsors were the CPO and the Group Procurement Director.



Jana Lena Fries
Group Procurement Manager
Sustainability & ESG
Klöckner Pentaplast

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Finding solutions to cut Scope 3 emissions

Is your case study linked to either an 'ugly truth' and/or 'a key success factor'?

Our case study can be linked with several key success factors.

What does the case study help tackle?

Bayer had an increase in its Scope 3 emissions in 2022 driven primarily by business growth. This was a call for action and hence Bayer's procurement team was empowered, as well as mandated, to manage Scope 3 emissions across the company. An accelerator program was set-up to increase our efforts to better manage and reduce Scope 3 emissions with a focus on three main areas:

- Engage with suppliers on Scope 3 with a goal to drive awareness to Bayer's SBTi commitments and targets, gain transparency on supplier emissions allocated to Bayer and unlock opportunities to reduce emissions including identifying low carbon, alternative raw materials
- Assess our impact and introduce new concepts (for example, introduce an internal carbon price) to understand the implication of decarbonization on sourcing decisions by realizing the availability and IT infrastructure for PCF collection
- Improve our GHG emission accounting and forecasting methods

What was the outcome and how did you measure it?

The program is still ongoing and continues to evolve while generating new insights in the value chain. We have identified several opportunities with our suppliers for switching to low-carbon alternatives and started that transition.

At the same time, we are working to continuously improve our GHG accounting to reflect supplier emission reductions while developing

better forecasting approach to derive effort and cost estimations.

We have developed a set of internal monitoring and performance indicators beyond the actual Scope 3 emission to monitor progress.

Who was involved (departments/roles)? How did you justify it to the business?

The program is led by the sustainability procurement team with support from all relevant roles and functions across Bayer. A cross-functional team collaborates to drive the project forward, comprising of procurement category and supplier managers, procurement sustainability experts, corporate sustainability, manufacturing and technology experts plus our in-house consulting team.

Bayer's sustainability goals are an integral part of the management's core KPIs and there is a continuous prioritization of the challenges around those near and long-term goals.

There is also a shared understanding that, to secure our license to operate, it is imperative we implement sustainability measures, given the growing regulatory demands and the increasing focus our customers place on the sustainable impact of our products.

What are your watch-outs for others attempting this?

Everyone is on a learning journey where agility and experimentation are key. An agile mind-set will make a significant impact on the intensity and pace of achievements.

Managing financial implications and sustainability ambitions are key to success, especially focusing on identifying net positive business cases.

How would you do it differently?

We are in a continuously evolving program, adapting

priorities and focus topics. One key element is to drive the change management efforts across the organization to take everyone on the journey. In addition external influences like global regulations are not aligned. These result in challenges, and also have to be considered.

What were the key success factors?

Having a self-motivated team, an agile and evolving concept as well as strong support from leadership are the key success factors. We also need to walk the talk because it is through our consistent actions that we can build credibility with our stakeholders and make a meaningful impact on the sustainability goals we advocate.

How would you recommend those with less resources attempt this?

It's important to start the journey. Reducing emissions is not a sprint but a marathon and every small step counts. Start with setting targets (look for science driven targets – for example, the Science Based Target Initiative) and begin your journey. Explore low-hanging fruit reduction opportunities that offer high feasibility and no or low costs.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsors?

This is a joint effort across the organization starting from the procurement team (sustainability experts, technology experts, supplier, and category managers), corporate sustainability (accounting and forecasting performance management), business areas (manufacturing, supply chain, engineering, process and technology experts).

The effort is led by our supplier decarbonization leads at procurement, Michael Heite and Olaf Stange, and is sponsored by Thomas Udesen, head of procurement, alongside Bayer's division heads.



Olaf Stange
Program Manager Scope 3
Decarbonization Accelerator Program
Bayer

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BASF

We create chemistry

ESG Bonus Malus - Bidding process

Is your case study linked to an 'ugly truth' or a 'key success factor'?

It's a key success factor which covers the lack of influence of ESG topics on procurement processes.

What does the case study help tackle?

The ESG BonusMalus is focused on the challenge of integrating the ESG (Environmental, Social, and Governance) concept into the decision-making process of tender awards. By introducing the ESG BonusMalus tool, suppliers' ESG performance can be evaluated and compared on a unified scale. The results are obtained through evaluations conducted by third parties. Suppliers can receive a bonus ranging from 0.1% to 5.5%, depending on their score in the assessment. If the result is under 25 points, a malus can be applied.

What was the outcome and how did you measure it?

We have just begun our journey towards incorporating sustainability aspects into our sourcing decisions, but the results have been satisfactory. We started in 2022 with a handful of suppliers in the European market. Now we have nearly 700 suppliers certified with third parties, to whom we are applying sustainability bonuses in the bidding process. The ESG BM is a feature in the procurement process that allows the inclusion of sustainability as one of the decision criteria, enabling the comparison of suppliers' ESG performance on a single scale of results.

Who was involved (departments/roles)? How did you justify it to the business?

Procurement, Sustainability and business units have established synergies to incorporate sustainability into procurement and contracting, managing ESG audit results, and adding value through the ESG BonusMalus for end consumers. We received great interest and are building alliances with business stakeholders helping them to incorporate ESG criteria in their business decisions.

What were the key success factors?

- Incorporate ESG criteria into procurement processes.
- Provide a commercial bonus as motivation for suppliers to obtain certifications.
- Standardize the evaluation process for comparable results on a single scale.
- Implement a scalable model that can be applied by any company or sector outside the chemical industry.
- Share best practices to promote sustainability across industries.

What are your watch-outs for others attempting this?

When considering this, it is important to note that a strong communication campaign, including email marketing and information sessions, is needed to effectively explain the methodology and benefits of adopting the third-party certification. This will help increase awareness of sustainability and the ability to compare ESG criteria.

How would you recommend those with less resources attempt this?

- Assign a project leader
- Plan the phases of the project
- Use existing data available on third parties or other assessment companies
- Prioritize communication, both externally and internally, to establish it as a standard process

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsor?

The main driver at a global level was the Indirect Purchasing Hub in Spain. Within the team, there were highly motivated individuals who were passionate about sustainability. The pilot project was successful and has been scaled to other countries in Europe.



Celia Egea
Category Buyer
Consumables
Region Europe
BASF SE



Marianna Polini
Regional Category Buyer
Technical Services Iberia
BASF Española S.L.



Herminio Moreno
Head of Procurement
Hubs EMEA
BASF Española S.L.



Developing ESG category-specific questionnaires for tendering



Is your case study linked to an ‘ugly truth’ or a ‘key success factor’?

It relates to a key factor for success: It is about making sure that sustainability is a core part of Allianz’s procurement processes and that the suppliers which we award are committed to environmentally and socially responsible practices - just like we in Allianz are.

What does the case study help tackle?

This case study showcases how we at Allianz ensure that sustainability is rooted in our purpose: Working in global procurement, we are pushing for full integration of sustainability topics into our procurement processes. We have developed “ESG questionnaires” for each of our global procurement categories (e.g., marketing, travel & fleet, IT hardware, etc.) to include sustainability criteria into the decision-making process for supplier awarding. By integrating these criteria, we aim to enable the monitoring of supplier sustainability risks and performance and to ensure transparency in collecting sustainability data to meet regulatory requirements. In addition, with this initiative we want to raise awareness among our procurement teams and buyers, so that people who are not yet familiar with the topic of sustainability (in procurement) become familiar with it and may even become ambassadors. Finally, by assessing our potential suppliers we facilitate supplier steering and scope 3 emission tracking and reduction intentions.

What was the outcome and how did you measure it?

The project has only been launched recently this year (2024). The feedback from stakeholders is generally positive, which indicates an increased awareness and engagement regarding sustainability topics.

To measure the impact, we are tracking KPIs such as the correlation between higher ESG questionnaire score and the likelihood of being awarded, and the percentage of suppliers that improved their score over time.

Who was involved (departments/roles)? How did you justify it to the business?

The implementation is led by the “Sustainability in Procurement” team together with “Group Sustainable Operations” as well as the Group Procurement leadership. To develop the questionnaires, we were closely collaborating with our global procurement category leads and buyers to tailor the respective questionnaires to the specific category requirements.

What are your watch-outs for others attempting this?

First, for us it was very important to understand the different global procurement categories and their individual requirements in terms of products, services, types of providers, regions, etc. Further, it was crucial to be able to pinpoint what are the key sustainability topics for each category and subcategory to make the questions and criteria as relevant as possible to each one. Overall, a key element for success for us was to get procurement senior level buy-in, to help drive the implementation and to provide support to the buyers whenever necessary in their discussions with suppliers.

How would you do it differently?

It's still a new project: we are collecting feedback as of course there is always room for improvement, but our key focus now is to prioritize providing extensive support to our procurement teams to ensure a clear understanding of expectations and an efficient implementation.

What were the key success factors?

At Allianz, sustainability plays a major role and is therefore integrated into our overarching values. There is strong support from management to embed sustainability into every business operation and decision, and this project has been supported by top management. In fact, it's great to see that stakeholders are embracing the ESG approach we in Allianz Procurement are taking. Still, the alignment of the project with the organization's broader sustainability goals will always be beneficial: The exchange with other areas demonstrates the potential advantages of enhancing ESG practices, not only for procurement but also to other functions that are possibly not that mature in sustainability.

How would you recommend those with less resources attempt this?

Our recommendation would be to focus on leveraging internal expertise and collaborating with cross-functional teams. It's also crucial here to understand precisely what each procurement team needs, and to make questionnaires that are easily understood and filled-in so that they don't become a burden. For this, efficient communication to raise awareness and build capabilities is essential.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsor?

The main drivers were the Allianz “Sustainability in Procurement” team together with “Group Sustainable Operations”. Both have been driving the project, developing questionnaires and engaging with diverse procurement teams to ensure the tailored nature of the questionnaires. The main leadership sponsors were the CPO with the endorsement of the Allianz top management.



Gisela Artola Pascual
Sustainability in Procurement Lead
Allianz



Don't wait to start. Learn while you do.



Is your case study linked to an 'ugly truth' or a 'key success factor'? The success factors we have learnt to date!

What does the case study help tackle?

It provides our experience on engaging suppliers on sustainability. We work together with our suppliers, customers and other stakeholders to achieve net-zero GHG emissions across the value chain (scopes 1, 2 and 3) by 2050 from a 2019 baseline, a target which has been approved by SBTi. Our net-zero trajectory comprises reduction, mitigation, and compensation measures across our operations as well as relevant parts of the value chain, from raw materials to impact of sold equipment and packaging. We recognise that we can't achieve this alone and so, in 2020, we launched an initiative for our strategic and high-impact suppliers called 'Join Us in Protecting the Planet'.

What was the outcome and how did you measure it?

The goal of 'Join Us in Protecting the Planet' is to meet our 2030 climate targets, but also to support our ambition on nature, circularity, and social sustainability, through nine actions. As of 2023, we have had a 22% reduction in Base Materials emissions from the 2019 baseline and we have recently extended the initiative to some of our key suppliers for equipment and services.

Who was involved? How did you justify it to the business?

'Join Us in Protecting the Planet' is an initiative from the Innovation & Sustainability team in Supplier Management, with close support from our Climate & Nature team. The initiative was supported by the business – Category Managers were consulted at the outset and had the opportunity to

provide input based on their expertise. We built a virtual sustainability learning journey to help upskilling them, and they have personal KPIs linked to their suppliers' performance in the initiative. Over time, Procurement colleagues have become engaged and are now actively driving the discussions with suppliers.

What were the key success factors?

Don't be afraid of "learning by doing". When we started, we opened ourselves up to the possibility of learning from our suppliers - each industry and geography has its own challenges. We involved both Procurement and Sustainability colleagues when developing the initiative and asked for their input: this helped internal engagement and brought valuable insight to build the initiative. 'Join Us in Protecting the Planet' was incorporated into the supplier management process. Parts of the initiative made it into contracts, and Category Managers consider the sustainability performance of their suppliers when working on the category strategy and 3-year plan. The main lever is Supplier Relationship & Performance management. To track and incentivise progress, we include sustainability performance measures into supplier scorecards alongside more traditional metrics. We have also introduced a Sustainability Award to recognise the supplier that has made the most significant contribution during the year. Finally, Supplier Managers follow-up with suppliers on their performance, keeping an agenda item on sustainability as part of regular meetings. When suppliers start truly engaging with the initiative, we get amazing results: since we asked suppliers to help us reduce upstream emissions, including the supplier's upstream scope 3, one of our suppliers whose emissions are highly dependent on raw

materials launched their own supplier sustainability initiative.

What are your watch-outs for others attempting this?

Suppliers are currently being inundated with sustainability and regulatory requests. To simplify our process and minimize their data collection obligations, we relaunched the initiative in 2023 with a clear focus on actions that both are strategic priorities for us, and relevant for the specific context of the suppliers. In addition to this, the program focuses heavily on capability building and relies on technology to ensure the efficient sharing of data within the supply chain. We hope this approach will serve to make the program a force for good which benefits many of our suppliers.

How would you recommend those with less resources attempt this?

It is better to start small and develop as you go, rather than wait for everything to be in place. Focus on an initial scope where you have a high chance of engagement and that can deliver quick wins. Building on these achievements creates momentum, gathers internal support, and increases expertise.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsor?

The initiative has received wide-scale support from across the company. The main leadership sponsor is our CFO as well as our VP for Supplier Management, and our VP for Climate & Nature. The initiative is coordinated by myself and colleagues in the Innovation & Sustainability team, and our Category Managers are driving progress with the suppliers, with our support.



Clara Grandry
Sustainability Specialist,
Supplier Management



Leading Supplier Decarbonization in Pharma

AstraZeneca

Is your case study linked to an 'ugly truth' or a 'key success factor'?

The 'ugly truth' is that supplier data is a challenge for all of us, which also impacts our progress on sustainable procurement. The 'key success factor' is seeing past this, to the key performance indicators of supplier sustainability progress. This is key to our case study of leading supplier decarbonisation.

What does the case study help tackle?

When AZ started our supplier engagement, we didn't have visibility of all their sustainability activities. We also discovered they were finding it difficult to drive sustainability up the supply chain. We want this case study to help others start faster – 2030 is now getting very close.

What was the outcome and how did you measure it?

AstraZeneca committed to a very challenging short term goal of 95% supplier spend with those who have science-based targets by the end of 2025. We have made great progress, but still need to go faster. Now we have two thirds of our spend with suppliers who have made public commitments to climate action on SBTi. An amazing one in eight of all companies on SBTi the registry are suppliers to AstraZeneca.

Who was involved (departments/roles)?

Our CEO and Board are deeply engaged in sustainability, particularly decarbonization because of the recognized link between global warming and human health impacts. Our Group Sustainability team provide expert advice on climate modelling, reporting requirements and resilience. Our Sustainable Procurement team has grown and now supports the Global Procurement team to embed sustainability with suppliers.

What were the key success factors?

AstraZeneca was one of the first seven companies globally to have our Net Zero science-based target validated by the Science Based Targets Initiative – SBTi

Supplier sustainability engagement is led by a team embedded within Procurement which helps translate sustainability into procurement ways of working including contracting. This is a key success factor.

Our Sustainable Procurement team is small, so we've built an extended team of 'Sustainability Champions' from within Category Management, to support on environmental, social and nature sustainability topics. This has been essential for two-way feedback to support improvements in process, tools and data.

The active participation of our Board (including carbon targets on their scorecards) continues to be key in securing funding and driving success.

We are engaged with around 4,000 suppliers and our top 85% of spend is managed by our global category teams who embed sustainability requirements within our contracts. All other suppliers are managed by the Sustainable Procurement team. This division of work supports delivery while the Procurement team continues to manage change, adopting sustainability as part of the Procurement toolkit.

We also engage our suppliers through our supplier conferences, and through the Pharma sector PSCI Supplier Conference (direct materials suppliers) which provides

sector input to ensure suppliers understand this is an entire market change, not just an AZ change.

What are your watch-outs for others attempting this?

- Make sure internal comms and training for Procurement and Business stakeholders are as simple as possible - there is a lot of jargon to understand.
- One training session is not enough – use a range of comms and engagement approaches over prolonged period of time to reach all team members
- Have support from your CPO to set goals in individual performance scorecards - % category spend with SBTi
- Sustainability must become everyone's business. Deepening business engagement in supplier sustainability is a real opportunity for Procurement leadership and business partnering across the organization.

How would you recommend those with fewer resources attempt this?

Leverage industry networks by joining peer groups such as SPP and PSCI or join collective initiatives to increase access to renewable energy such as Energize.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsor?

Our CPO, Nataša Vidmar is an amazing sponsor who has never wavered from driving the progress needed despite competing pressures on Procurement. Resilience in the Sustainable Procurement team has also been essential to maintain momentum. And key people in Categories who feel passionate about sustainability and have supported us with real positivity when others around them were struggling.



Robert Williams
Sustainable Procurement Director





Driving Decarbonization across the Pharmaceutical Supply Chain

Pfizer

Is your case study linked to an ‘ugly truth’ or a ‘key success factor’?

We recognize global climate change as one of the defining issues of our time, requiring collective action to mitigate the impact it may have on human health and continuity of access to critical medicines and vaccines. As our actions alone are not enough to tackle climate change our case study is linked to a 'key success factor' in catalyzing collective action.

What does the case study help tackle?

With approx. 80% of our Greenhouse Gas (GHG) inventory being Scope 3 (value chain) emissions this case study provides insights to the approach taken to build and sustain our Net Zero supplier engagement program.

What was the outcome and how did you measure it?

In 2021, Pfizer set an ambitious near-term engagement target, validated by the Science Based Targets initiative (SBTi), aiming for 64% of our suppliers by spend to set science-aligned goals by 2025. In 2022 we achieved 29%, and in 2023, we made significant progress, reaching 51% of suppliers by spend committed to SBTi targets. We are well on track to meet our 2025 target.

Who was involved (departments/roles)?

Pfizer’s internal Net Zero program is sponsored at the Executive Leadership Team level and led by a core team composed of cross functional business leaders. Nine technical workstreams have been established to cover the breadth of decarbonization efforts within our own operations and across our value chain. **Supplier impact**, which I lead, is one of them. It involves a cross-functional team of Procurement, EHS, Legal and Finance colleagues ensuring a comprehensive approach.



Maria Terracina
Sustainable Sourcing Lead

In 2022 a key step forward was taken: we identified 1-2 Procurement representatives by material category as **Net Zero Champions** to facilitate connection & consistency of goals and actions across the entire Procurement organization.

The NZ Champions active engagement and passion are crucial to our success story.

What were the key success factors?

Pfizer has a long history of climate action, achieving >60% reduction in GHG emissions since 2000 and being one of the first pharmaceutical company to have our then GHG targets validated by SBTi in 2015. Our initial supplier engagement target focused on collecting information on our suppliers’ environmental targets and performance through a survey administered by a third party. Expectations on what information should be provided by suppliers was not fully defined leading to inconsistency in reporting practices.

In 2021 we introduced our first **Net Zero supplier engagement maturity model** that segments suppliers into one of 5 levels based on their maturity in environmental sustainability commitments. The power of the model was proven as we have integrated it into our supplier selection and RFX scoring processes as well as SRM. This facilitated tracking of supplier progress year over year

For less mature suppliers, we launched a **Commitment Letter** initiative. It’s a pledge through which suppliers commit to establish a GHG emissions baseline and set science-based GHG emission reduction targets for their company (Scope 1 & 2) emissions by 2025.

Our suppliers’ response has been remarkable, with almost **200 letters signed!**

As of Q4 2023 we have mobilized these Suppliers through **“Call to Action”** meetings, promoting the SBTi commitment, which boosted our latest results.

In 2024 we have enhanced our maturity model introducing the collection of GHG data from more mature suppliers. Direct reporting of their Scope 1&2 footprint related to our sourcing, supports our longer-term strategy.

Last but not least, since 2021 we hosted three **Net Zero Supplier Summits**, with increasing participation and interest to ensure and confirm the reciprocal engagement and collaboration towards the common decarbonization goal.

What are your watch-outs for others attempting this?

- Invest in upskilling and empowering your procurement team, empowering them to take ownership to drive the conversation.
- Identify and prioritize top suppliers for focused efforts and set clear expectations.
- Have climate action maturity duly embedded into the tender selection criteria and SRM discussions.
- Leverage industry networks by joining peer groups (e.g. PSCI) or collective Scope 2 initiatives (e.g., Energize).

How would you recommend those with less resources attempt this?

Influence your Company leads to embrace the climate challenge focusing on decarbonization and embed it into the company culture throughout the entire organization.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsor?

Environment, Health & Safety and Legal co-lead the overall Net Zero strategy, committing to an ambitious vision, and driving leadership support and execution; Chief Procurement Officer drives Net Zero commitment across the Procurement organization. The Indirect Sourcing Lead sparked the program before passing the baton to me. Our Executive Leadership sponsor is our Chief Global Supply Officer, who keeps our company leadership team updated.



WHERE DO WE GO FROM HERE?

Thank you for reading the first version of The SPP Guide and to our League of Champions for their valued input and insights.

In developing The Guide, we recognize that the challenges facing our community of procurement professionals won't remain static and will change overtime. The sustainability landscape is evolving fast, and, as a community we need access to the most up-to-date information to inform our decisions.

We will continue to add more [content to The Guide](#), developing a powerful, open-sourced resource to drive change and address the topics most relevant to procurements' needs.

One of our key milestones as an organization is the launch of the SPP online platform, which will support the evolution of The Guide to a new digital and interactive format – a place to find and share ideas, to collaborate and open valuable dialogues.

We are excited about the collective impact we can make and welcome all feedback from our community about how we can support our shared goals and drive change, together.

Join us as an SPP Ambassador and sign The Pledge

[CLICK HERE](#)

To find out more about our Champions Program, send an email to our Program Manager, Oliver Hurrey

[CLICK HERE](#)



The SPP Guide was produced in collaboration with Impact Focus

