

4 Ways Procurement Departments Can be Sustainability Champions



Here are some steps that procurement departments can make now to help their organizations achieve their sustainability goals.

It's no secret that sustainability has become a corporate imperative for many organizations. Sustainability first surfaced as a corporate strategy a couple of decades ago, [EY reports](#). At the time, it didn't consistently translate into tangible corporate action. "Business leaders were skeptical about incorporating sustainability into the core of their strategy," the consultancy says.

That sentiment has shifted dramatically within just a short period of time. As the global economy evolves, and as governments introduce more stringent regulations, organizations are looking for ways to bring more transparency to their operations. This not only includes the activities that take place in and around the company itself, but also what's taking place beyond its four walls.

Procurement teams are uniquely positioned to help with the part of ESG responsibility that's not always easy to address or harness. Where [Scope 1 and 2 emissions](#) either come from or are caused by sources that a company controls directly, Scope 3 emissions aren't produced by the company itself, but by those that the organization is indirectly responsible for up and down its value chain.

"To an extent, we can choose whether our fleet is low or zero emissions, we can determine how our buildings are warmed and a manufacturer can look at ways to reduce the carbon cost of its production processes," [nationalgrid](#) explains. "However, a soft drink maker can't control how we will dispose of its

plastic bottles, nor can an appliance manufacturer decree whether we use the most or least eco-friendly settings on our laundry machines."

4 Ways Procurement Can Support Sustainability

According to [SAP's Baber Farooq](#), environmental, social and governance (ESG) initiatives have become a priority for procurement teams in recent years, but buyers don't always get the accurate or complete sustainability information that they need sellers to provide.

"This lack of transparency can increase the potential for regulatory violations, especially as climate-focused laws like the European Green Deal come to fruition," says Farooq, who sees software playing a role in helping organizations increase regulatory compliance, reduce costs and develop healthy relationships with sellers.

"Of course, there are limitations as suppliers can be reluctant to share information – like financial statements or internal regulatory policies," he adds. "However, software that is augmented with predictive analytics can deliver metrics and insights into supplier emissions and energy usage that enable organizations to evaluate suppliers against their sustainability objectives."

Here are four more ways procurement teams can support or even lead their organizations' sustainability initiatives:

1. Put artificial intelligence to work. As procurement teams take on more responsibility in increasing transparency across the supply chain, they should be courageous but vigilant in efforts to uncover supplier insights. Consequently, many CPOs have opted for strategies involving AI. “AI can provide procurement teams with intelligent business data that can lead to more informed purchase decisions,” Farooq writes.

2. Keep close tabs on the data. Chief procurement officers (CPOs) should also take steps to maintain rigorous data privacy policies to build trust with suppliers. “Procurement teams should only implement AI technologies that are relevant, responsible and reliable, ensuring that the implementation of AI follows guiding principles and protects the privacy of all users,” Farooq adds.

3. Set clear expectations for suppliers regarding emissions reduction, renewable energy adoption and sustainable sourcing. Then, incorporate those climate performance metrics into some of your biggest suppliers’ evaluation criteria. This is something that Mars, Inc., does as part of its “Net Zero Roadmap.” According to *Sustainability Magazine*, the partnership allows procurement partners to take proactive steps in their organizations and strategies to address their emissions, and be part of a collective responsibility to finding both a sustainable future and a productive business relationship.

4. Embed sustainable procurement throughout the organization. Get an interdisciplinary team (logistics, plant/property management, human resources, accounting, etc.) involved in the process, Tony Klimas suggests in “[Practical Strategies to Design an Effective Sustainable Procurement Program](#).” “This interdisciplinary team will create a clear roadmap that identifies material issues that impact sustainable procurement, but also establishes and oversees the strategy, tactics, key performance indicators and process improvement initiatives,” Klimas adds, “to proactively identify and anticipate risks that could impede the achievement of these objectives.”