



Sustainable procurement – a pathway to responsible business operations

Build a resilient, connected, sustainable
supply chain that drives growth

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The potential of procurement to drive decarbonization

Ongoing adverse environmental disruption and scientific predictions have made it clear that humankind needs to revolutionize the way we produce and consume goods and services in order to have a positive impact on our planet.

In response, governments and international bodies have introduced regulations to ensure organizations take immediate action. As a consequence, businesses are now putting sustainability and decarbonization at the core of their strategy, implementing initiatives to reduce their direct and indirect Greenhouse Gas (GHG) emissions and drive net zero goals. Going beyond just compliance, businesses are also looking for opportunities to drive business outcomes and value from complying with these regulatory obligations.

The [Greenhouse Gas Protocol](#) – which provides the most widely recognized accounting standards for greenhouse gas emissions – categorizes GHG emissions into three scopes (see Figure 1):

- **Scope 1** covers direct emissions from owned or controlled sources
- **Scope 2** covers indirect emissions from the purchase and use of electricity, steam, heating and cooling. By using the energy, an organization is indirectly responsible for the release of these GHG emissions
- **Scope 3** includes all other indirect emissions that occur in the upstream and downstream activities of an organization – more supply chain.



While it is important to address all these scopes, Scope 1 and 2 only represent 25% of a company's emissions, while [75% is related to emissions coming from Scope 3](#).

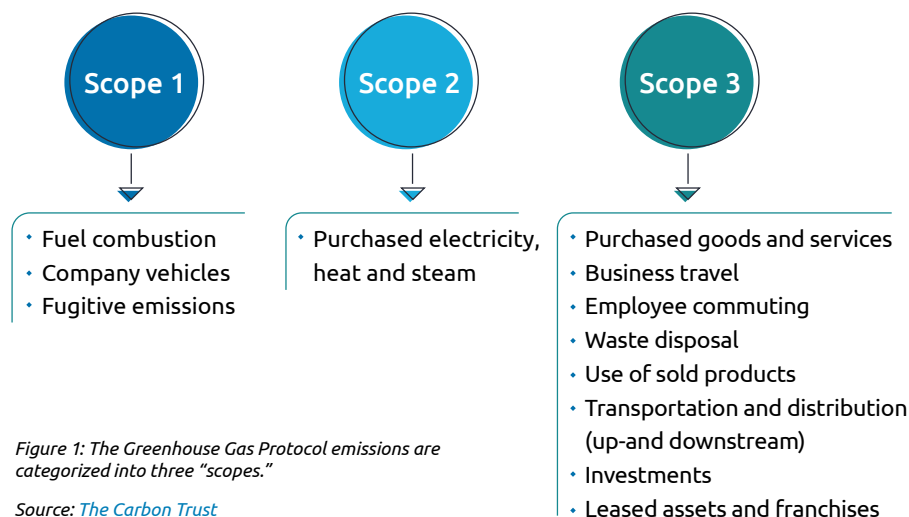


Figure 1: The Greenhouse Gas Protocol emissions are categorized into three "scopes."

Source: [The Carbon Trust](#)

Managing the supply chain towards sustainability can be a challenge.

According to research by [Sustainability Consortium](#), out of 1,700 respondents, only 20% had a comprehensive view of their supply chain's sustainability performance, more than 50% were unable to determine sustainability issues in their supply chain, and only 25% stated they engage their suppliers in efforts to reduce emissions.

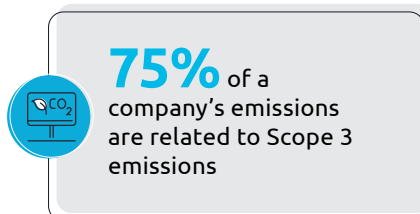
Procurement has the potential to play a significant role in enabling organizations to achieve their decarbonization goals.

By identifying the opportunities to embed sustainability into key procurement processes, organizations can gain visibility into their supply chain operations and help them understand and manage the associated risks.

It also ensures the right access and data quality of the supply chain to [drive effective management of carbon reporting](#) – leading to a more connected procurement function.



“Procurement has the potential to play a significant role in enabling organizations to achieve their decarbonization goals.”



Source: [CDP Technical Note: Relevance of Scope 3 Categories by Sector](#)



Source: [Data for net zero.. Capgemini Research Institute](#)

Defining sustainable procurement


Sustainable procurement is a holistic approach to procurement processes and decisions that encompasses the environmental, social, and governance (ESG) aspects for Scope 3 emissions.

Environmental includes the accounting of carbon emissions but also aspects such as biodiversity, natural resources, and pollution. **Social** looks after ethical, safe, and fair practices. Finally, **governance** embraces corporate transparency, diversity, and compliance with regulations.


With so many areas to address and stakeholders to deal with, it might seem challenging to start a journey towards implementing sustainable procurement operations. Indeed, transforming the procurement function to be sustainable doesn't happen overnight.

Taking a methodical, small steps approach that embeds key principles of sustainability into the main areas of the procurement workflow – policy, sourcing, contract management, and supplier management – will ensure a robust and achievable operational roadmap to get you there.



 Nearly **85%** of companies recognize the importance of sustainable procurement, but only **46%** fully implemented such practices

Source: [Essential Sustainability In Procurement Statistics In 2024](#)

 **79%** of consumers change their purchase preferences based on social, economic, and environmental impact

Source: [How sustainability is fundamentally changing consumer preferences, Capgemini Research Institute](#)

“Sustainable procurement is a holistic approach to procurement processes and decisions that encompasses the ESG aspects for Scope 3 emissions.”

Embedding sustainability into your procurement policy



It all starts here. Connecting your organization's sustainability goals with your procurement policy and sustainability initiatives is the foundation for implementing sustainable procurement operations.

Following these steps will help you establish the right connections:

- **Goal alignment** – ensure your procurement policy is aligned to your organization's objectives
- **Sustainability drivers** – understand and leverage the main drivers of sustainability, such as sourcing from environmentally responsible suppliers, reducing waste, and considering the entire product lifecycle

- **Sustainability metrics** – clearly define sustainability metrics aligned to your organization's goals, such as measuring the carbon footprint of your supply chain, controls on each supplier's environmental certifications, and the percentage of non-virgin materials procured
- **Supplier evaluation criteria** – define the sustainability criteria in the supplier selection process, such as assessing environmental practices, labor standards, and commitment to social responsibility
- **Communication and training** – communicate your procurement policy to all relevant stakeholders, both internal and external, and train your procurement teams and internal stakeholders on how

sustainability can be embedded into procurement processes

- **Performance monitoring** – regularly monitor your supplier performance and the impact of all procurement decisions
- **Continuous improvement** – review your procurement policy and processes, based on the metrics, supplier performance, and stakeholder feedback across an established period, and implement changes as necessary
- **Legal and regulatory compliance** – ensure your procurement policy complies with relevant environmental and social regulations. [ISO 20400:2017](#) provides comprehensive guidance on the key aspects to consider when embedding sustainability into your procurement workflow. This is crucial for managing risks and to avoid falling into the unconscious mistake of greenwashing.

These steps will help you answer the following questions with your organization's sustainability goals in mind: what needs am I meeting? What am I buying? Who am I buying it from? And, how am I buying it?

This will help you drive sustainable process design and transformation across your entire procurement lifecycle – from strategic sourcing and contract management to tactical procurement and supplier management.

In turn, this will ensure your procurement function is delivering consistent, measurable, and sustainable business outcomes.

Strategic sourcing – the catalyst for sustainable procurement

The strategic sourcing function governs the relationship between your organization and its suppliers. It is the engine behind your procurement policy.

Knowing your supply chain and mapping the risks related to sustainability is a key step in creating sustainable sourcing strategies and processes for each category. There are three main challenges that you need to overcome when developing a sustainable sourcing strategy: supply

chain complexity, cost implications, and lack of awareness.

Supply chain complexity

In the modern global landscape supply chains involve multiple suppliers and intermediaries. It is vital that you have a clear understanding of, and visibility into, each of your suppliers' supply chains.

The RFX step enables you to define all the parameters, such as

the transparency needed from suppliers' on carbon emissions from their sourcing, production, packaging, transportation, safe and fair labor practices, and compliance with local regulations.

This transparency enables you to include sustainability aspects into the evaluation and scoring mechanism of your sourcing process.

Company Questionnaire

Save Submit

Environment

Do you have ESG certifications/credentials? (If yes, please provide documentation.)
Yes Attach

Do you have a net zero target?
Yes

If you do how are you currently measuring these emissions?
Yes

Product

Do you include refurbishing or recycling services in your offering?
Yes

Do you use eco-packaging?
Yes

Do you have recycling services after the end of life of your products?
Yes

Has this information been validated by a certified institution?
Yes

Do you use renewal energy resources in your production processes?
Yes

Social

Do you have a fair labor policy in place with your employees, suppliers, and contractors?
Yes

Governance

Is your operation in compliance with specific laws and regulations/standards?
Yes

Are you publicly reporting your carbon emissions?
Yes

Logout



Cost implications

The initial cost of sustainable product sourcing might be higher than the non-sustainable options available on the market.

To counter this, you need to alter the usual cost-saving mindset into much broader thinking – implementing sustainable practices can lead to long-term cost savings through increased operational efficiency, waste reduction, and resource management improvement.

Instead of focusing solely on the upfront costs, organizations should consider

the total cost of ownership (TCO) and lifecycle costs (LCC), as sustainable products may have a lower LCC due to factors such as energy efficiency and reduced maintenance costs.

LCC can be a useful tool to support sustainable procurement, where for example the higher initial price of the greener product might be compensated by the much lower usage and disposal costs of the product (see Figure 2).

This argument can be further strengthened when you take into account the monetary value of carbon emissions (e.g., carbon credits) or environmental clean-up.

Monitoring LCC enables you to identify areas where your business and suppliers can make procurement decisions more sustainable and cost-effective.

There are also additional benefits that indirectly have a positive impact on cost. Some government initiatives provide financial incentives or tax breaks to organizations who adopt sustainable practices, which can open new markets and business opportunities.

Lack of awareness

You might come across a general lack of awareness when designing your category strategy and/or RFX criteria from your business units and suppliers.

Embedding education and training into the wider organization and ecosystem of suppliers – with support from your organization’s leadership – can help you demystify the concept of sustainable procurement and align your internal and external stakeholder.

Conveying the basic elements of sustainability to the business and applying them according to the industry/your company’s goals will facilitate awareness, understanding, and collaboration.

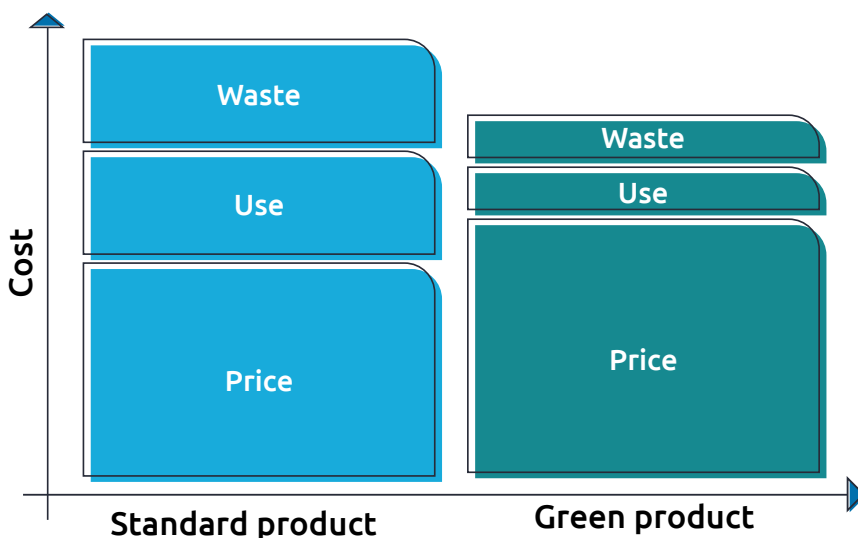


Figure 2: Life-cycle costing

Source: Life-cycle costing (LCC) fact sheet (European Commission, DG Environment, 2008)

Tracking compliance through contract management

When running a sourcing exercise with sustainability at its heart, not all of your suppliers will have the maturity to provide the visibility and control needed to effectively manage the sustainability aspects of the supply chain.

In the contracting phase, adding the right sustainability clauses will ensure your suppliers are aware of, and track adherence to, ethical and eco-friendly standards. These clauses need to include performance metrics and compliance mechanisms, which will be the foundation to hold suppliers accountable for their sustainability commitments.

Your supplier management team will monitor these obligations closely to ensure compliance. Going beyond the contract, fair labor practices and community management are also relevant for successful sustainability implementation.

Seamless integration of procurement sustainability and contract management promotes a comprehensive approach to ethical business conduct, aligning economic success with environmental and social governance.

“Seamless integration of procurement sustainability and contract management promotes a comprehensive approach to ethical business conduct.”



72% of companies believe that sustainability performance needs to be driven by procurement together with other business functions

Source: [Essential Sustainability In Procurement Statistics In 2024](#)



15-30% increase in brand value for companies that implement sustainable procurement practices

Source: [World Economic Forum: Beyond Sustainable Procurement](#)

Creating a connected, sustainable supplier ecosystem



“The final pillar of sustainable procurement is building a robust and sustainable supplier relationship management strategy.”

The final pillar of sustainable procurement is building a robust and sustainable supplier relationship management (SRM) strategy.

This involves engaging suppliers who share your commitment to sustainable practices, fostering a supply chain ecosystem that prioritizes environmental, social, and ethical consideration.

It's here where supplier management becomes a strategic tool in evaluating, selecting, and cultivating relationships and partnerships with suppliers who align to your sustainability goals.

This connected, strategic approach goes beyond traditional supplier performance evaluation methods.

The aim is to evaluate current sustainability practices, while collaborating with suppliers to enhance and implement environmentally friendly and socially responsible initiatives that benefit your organization, your suppliers, and the entire community.

This is known as the co-construction approach.



9-16% cost reduction for companies that implement sustainable procurement practices

Source: [World Economic Forum: Beyond Sustainable Procurement](#)



Nearly **60%** of surveyed companies use sustainability to mitigate risks within their supply chains

Source: [Essential Sustainability In Procurement Statistics In 2024](#)

Starting your journey to Connected Procurement

To summarize, effectively embedding sustainability into your procurement operations can help you build a resilient, responsible, connected supply chain that minimizes environmental impact, promotes fair labor practices, and creates positive impact within your organization and the communities in which you operate.

This comprehensive approach not only mitigates the risks associated with sustainable practices, but can also position your organization as a responsible business leader and contributes to sustained operational growth by reducing the risks of supply chain disruption.

With an experienced service provider to partner you on your journey, implementing sustainable procurement is much easier than you might imagine. Start your journey now.



“Effectively embedding sustainability into your procurement operations can help you build a resilient, responsible, connected supply chain.”



45% of organizations in the public sector include sustainability criteria in their procurement policies

Source: [Essential Sustainability In Procurement Statistics In 2024](#)



65% of procurement leaders in the manufacturing sector have little or no visibility beyond their tier 1 suppliers

Source: [Essential Sustainability In Procurement Statistics In 2024](#)

Working with Capgemini

At Capgemini, we are fully committed to building a sustainable future. Since 2019, we have helped organizations around the world to minimize their environmental footprint, and we continue to push sustainability efforts, both within our own organization and in collaboration with our partners.

We leverage our Connected Enterprise approach to strategically implement technology solutions that deliver the maximum positive outcomes for our clients.

The Connected Enterprise seamlessly orchestrates an intelligent, connected ecosystem of people, processes, data, and technology – with AI, analytics, and GenAI at its heart – to drive sustainable business outcomes, enhanced value, and continuous innovation across your organization.

Capgemini's [Cognitive Procurement Services](#) helps you design, implement, and operate a digitally-enabled procurement operating model that capitalizes on your technology investment to drive business value. While our [Carbon Reporting and Management](#) offer enables you to navigate a decarbonization journey to ensure seamless, end-to-end carbon measurement, continuous improvement, and organizational resilience across the corporate value chain.

Contact us to find out how we can help you use drive sustainable procurement across your organization.



Greg Bateup has worked with clients to deliver business transformation and BPO services for almost 30 years. For the last few years, Greg has focused on the digital transformation of the source-to-pay function, and how organizations can not only drive efficiencies in the procurement function, but also drive compliance and savings.



Jenny Monterroso has worked in the procurement world for over 15 years, enhancing the strategic value of procurement by focusing on delivering key business outcomes across several industries. Over the last six years she has focused on implementing process improvement projects.



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About Capgemini

Capgemini is a global business and technology transformation partner, helping organizations to accelerate their dual transition to a digital and sustainable world, while creating tangible impact for enterprises and society. It is a responsible and diverse group of 340,000 team members in more than 50 countries. With its strong over 55-year heritage, Capgemini is trusted by its clients to unlock the value of technology to address the entire breadth of their business needs. It delivers end-to-end services and solutions leveraging strengths from strategy and design to engineering, all fueled by its market leading capabilities in AI, cloud and data, combined with its deep industry expertise and partner ecosystem. The Group reported 2023 global revenues of €22.5 billion.

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