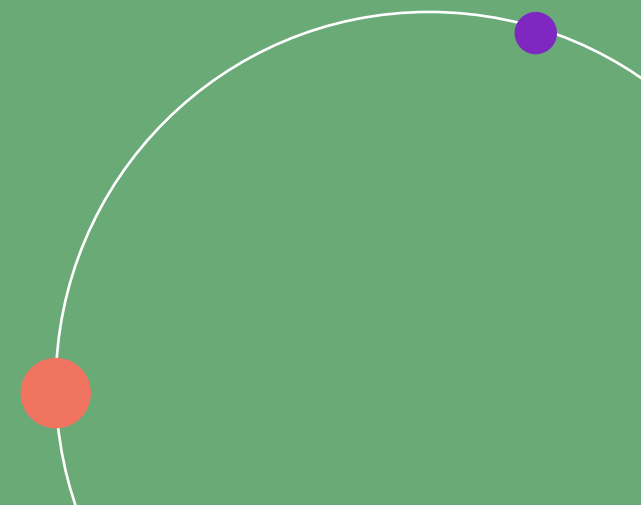


Sievo

Sustainable Procurement 101

Playbook & Action Plan



About this Playbook



Ready to take on your sustainable procurement journey?
We're here to guide you!

This playbook includes:

- **Conversation topics**
to start discussions or evaluate your direction
(use these internally & externally).
- **A step-by-step action plan**
to outline a sustainable roadmap for responsible procurement.

During our two decades in procurement analytics, we've had numerous discussions with industry-leading enterprises on the role of procurement in corporate social responsibility. The message is the same:

Procurement and supply chain can have the greatest impact on the planet.

The time to act is NOW.



Conversation topics

Use these to discuss sustainability
within your organization

Corporate policies – Ah, the enterprise bible!

- Is sustainability part of your organization's vision and mission?
- Is there a sustainability policy in your company?
- How is sustainability considered in your procurement policy?
- Do you have an anti-bribery and corruption policy with procurement-specific examples?
- Is there a (supplier) code of conduct in your company?
- Do you have a top-level commitment to developing and implementing a sustainable procurement policy?
- Are your reward systems and incentives aligned with your sustainability goals?
- **Stakeholder mapping:** Who are the business sponsors and owners of these policies?

Procurement – The change must come from within!

- What is the level of competence in your team when it comes to sustainability topics? Does the whole team understand what you're talking about?
- How committed and visionary is your CPO when it comes to sustainable procurement? Do they walk the talk?
- What's the level of spend visibility and share of spend under management in procurement?
- How is sustainability considered in your source-to-pay processes and evaluation criteria?
- **Stakeholder mapping:** Who makes spend decisions? Who makes sustainability decisions? Who has the last say?
- **Get Inspired:** Do you have a north star sustainable procurement organization in your network you would spar with? Invite them over to talk about their journey and what's possible!

Urgency— You can do anything, but not everything!

- What are the key risks that could harm your company? What is the likelihood and severity of each risk? Have some of them been realized already?
- What are the main environmental, social, and governance impacts of your business activities, products, and services?
- Are you in compliance with legislation related to ESG? Are there foreseen legislative changes that you must prepare for?
- Are some areas of your supply chain located in geographical risk countries?*
- Are there spend categories with a higher likelihood of ESG risk (e.g., labor-intensive categories)
- Are there spend categories with a higher likelihood of brand and reputational damage in the eyes of the customer? E.g., product, operations, customer service
- What is the baseline for sustainable development within your industry field? How far ahead are your competitors?
- **Stakeholder mapping:** Who owns compliance and corporate risk assessment in your company? Do you consult them regularly?
- **Solution mapping:** Do you have reliable sources for risk data and tools to monitor supply chain risks?

*recently updated lists of high-risk countries are available online

Collaboration and SRM – You're not an island!

- How closely does your procurement team collaborate with business units and stakeholders?
- Do you know who are your key and strategic suppliers?
- What is your negotiation position to drive changes to your existing supplier relationships? Are there monopolistic/oligopolistic suppliers?
- What is the level of maturity of your SRM program?
- Is sustainability covered as part of your SRM agenda?
- Have you communicated your sustainability target to your key suppliers and partners? If not, do it now!
- Do you acknowledge top-performing suppliers or growers in sustainability? Do you reward or credit them in any way?
- **Stakeholder mapping:** Who owns your SRM program and is responsible for its development?
- **Solution mapping:** Do you have sufficient data and tools for SRM and performance development?

Implementation – In it to win it!

- Is sustainability criteria part of your RFP templates?
- Is sustainability one area of weighted evaluation for all sourcing decisions?
- Is your sustainability policy and code of conduct part of your contract appendices?
- How many of your (key) suppliers have signed your code of conduct?
- Have you audited your suppliers against environmental and social audit standards?
- Have you audited your suppliers against health and safety audit standards?
- How many of your suppliers report on their emissions? How many of your suppliers have a CSR rating?
- How many of your suppliers belong to sustainable development programs?
- **Stakeholder mapping:** Do you have an audit and quality team? Is there a dedicated legal advisor for ESG topics, breaches and deviations?
- **Solution mapping:** Do you have reliable data and tools to identify gaps and develop the sustainable performance of your supplier base?

CO2 emissions – The first step to reducing emissions is understanding them!

- Has your company evaluated its carbon footprint?
- Do you report your scope 1, 2, and 3 emissions?
- Do you have emission reduction targets?
- Have you calculated and communicated the CO2 footprint of your products and services over their life cycle?
- Are you compensating for your emissions?
- **Stakeholder mapping:** Who owns emissions in your company? Who is responsible for getting into targets?
- **Solution mapping:** Do you have reliable data and tools to set realistic targets and track progress?

Action plan

Set your sustainable procurement roadmap with these steps

Sustainable Procurement Policy

What's your sustainable procurement vision and ambition level?



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1. Current state analysis

- Use the conversation starters to assess your current state.
- Conduct stakeholder and solution mapping.
- Engage business and category heads.
- Learn from the best – listen to success stories and see what is possible to achieve.

2. Define focus and align goals

- Define your success criteria.
- Identify geographical risk areas and high-risk categories.
- Consider which categories have the highest impact on your sustainability targets.
- Set clear expectations on due diligence & compliance with law (the bare minimum).
- Set development targets per category that go beyond the minimum requirement!
- Consider starting off with test categories or suppliers first, to try your policy in action.

3. Strategy and action plan

- Integrate responsibility into procurement processes and practices.
- Map sustainable decision points in existing processes.
- Implement a responsible sourcing policy (covered in detail in Sustainable Procurement 101).
- Communicate criteria & targets internally.
- Encourage category teams to collaborate with their peers.
- Join your industry networks for sustainable procurement.

4. Implementation : sourcing decisions

- Educate teams on how to evaluate sustainable practices and performance.
- Include sustainability questions and criteria to specifications, RFX templates, weighted evaluation, and contract documents.

Supplier's Environmental Standards

- Do you use a certified environmental management system (EMS)?
- How do you manage emissions, energy, waste, and water use?

Supplier's Social Standards

- What is your policy on human rights/fair pay/working conditions/diversity?
- Do you comply with UN Global Conduct?
- Do you comply with fair trade practices?
- What is your health and safety record?

Supplier's Governance

- Do you have an anti-bribery and anti-corruption policy?
- Do you comply with industry regulations and legislation?
- Have you ever been prosecuted or fined for infringements?

Product lifecycle

- What raw materials are used? Are they from renewable sources?
- How is the water and energy consumption in production?
- Quantity and type of packaging material?
- Transportation modes and distances?
- Product repair and maintenance?
- Product afterlife and disposal?

5. SRM and supplier development

- Know your suppliers.
- Share your targets and criteria with suppliers.
- Onboard suppliers to relevant programs and follow-up progress.
- Track compliance and performance.
- Measure progress with sustainability performance indicators.
- Audit high risk suppliers and implement corrective action plans.
- Organize development and knowledge-sharing days.
- Reward and acknowledge the best performers and rising stars.
- Encourage suppliers to propose more sustainable alternatives.

6. Report on your progress & engage

- Manage stakeholder expectations. Communicate and report on your progress and plans!
- It's better to communicate too much than too little. It's fine if you're still on your way and learning. It's better to share authentic stories and be frank about challenges.
- Encourage community engagement, sustainable innovation, and voluntary charity.
- Invest in R&D, seek sustainable business avenues, and collaborate within your industry field.
- Carbon offset!

Sievo, the procurement analytics solution for data-driven enterprises.

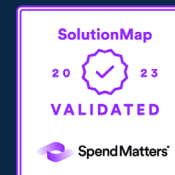
Book demo

We are Sievo. We are the procurement analytics solution for data-driven enterprises.

As global leaders in procurement analytics, helping reduce the emissions and other sustainability risks from this function is in our DNA. We bridge the data-to-action gap and power agile procurement and sustainability decisions. With confidence.

We master the art of extracting, classifying, and enriching data across all ERPs, procurement systems, and external data sources saving your valuable time. Simply put, we're pretty damn good at turning even the crappiest data into actionable insights!

Procurement organizations need an analytics partner they can trust. We're large enough to deliver, small enough to care.



Sievo solutions for your sustainability journey

CO2 Analytics

Understand and reduce your scope 3 CO2 emissions across the enterprise.

Sustainability

Find opportunities to continuously improve your Corporate Social Responsibility targets from your supply chain.

Diversity

Increase your supply chain's innovation and resilience by expanding diversity in your supplier base.

Common challenges in measuring scope 3 emissions



Limited to annual reporting



Lack of visibility



Inaccurate data



Very manual process



Lack of engagement



Not yet started

Sievo's answer with CO2 Analytics



Identify emission hotspots to understand which categories, regions, and suppliers to focus on



Report emissions



Benchmark different categories and regions internally



Follow emission reduction targets



Act on your emissions with automatic monthly data refreshes



Supercharge cross-functional communications