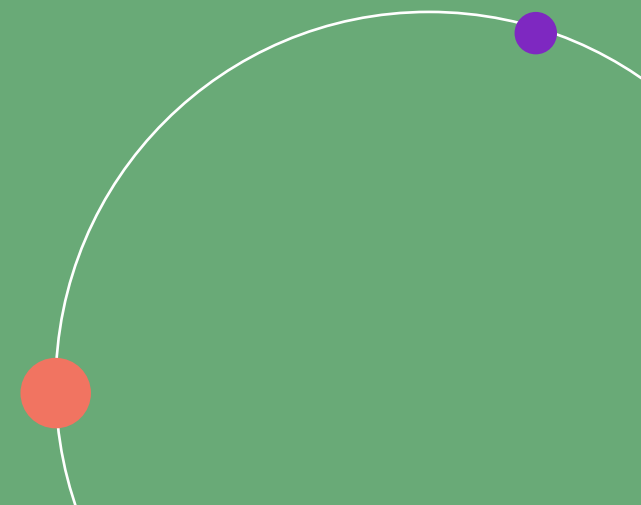



Sievo

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!

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

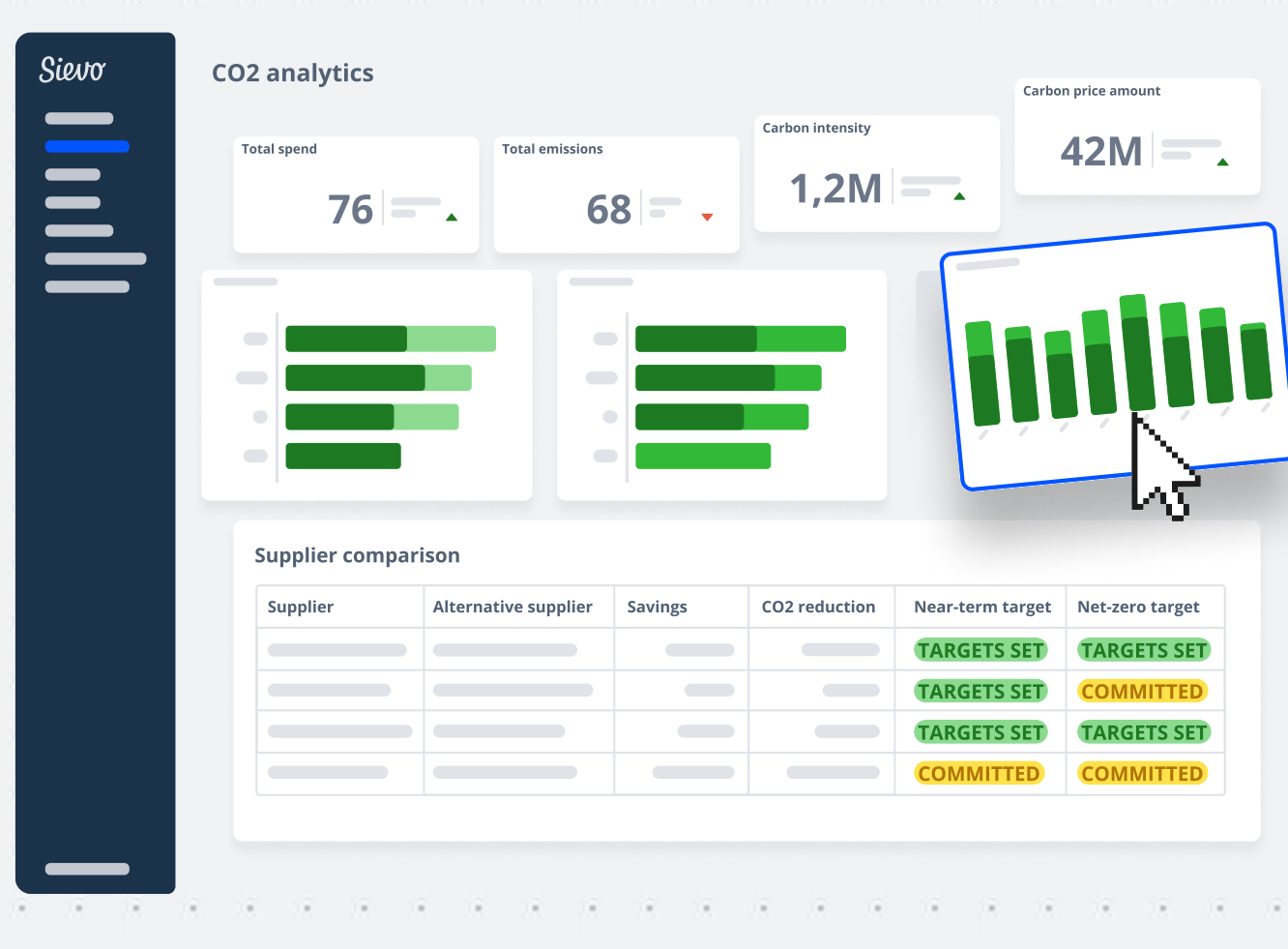


Supercharge cross-functional communications

Decarbonize your supply chain without the manual work

Lead your company to Net Zero with AI-Powered insights based on data you can trust.

- ✓ Based on the GHG protocol
- ✓ Verified by a third party
- ✓ Compliance & audit ready
- ✓ Sustainability expert support



Tackling the most critical area of your carbon footprint requires a specialized analytics solution

With 80% of CO2 emissions located in your supply chain, Sievo helps you lead your company to Net Zero Emissions. Tackle Scope 3 — the most challenging aspect of emissions reporting — with the most accurate AI-Classification, personalized insights and one-click actions. Sievo enables you to tackle emissions hot spots with comprehensive material and supplier emissions information and in-depth analytics for any emission reporting framework

Clean Data Clear Impact

Your decisions and reporting are only as good as your data.

Make informed decisions regarding your suppliers to effectively reduce your Scope 3 emissions by leveraging accurate, clean, and reliable data.

Focus on high-impact actions, not on data gathering.

No matter the state or complexity of your data landscape Sievo translates your data into trustworthy actionable insights, while also enriching and improving the quality your data.

Reduce your emissions and maintain a sustainable and diverse supply chain.

Utilize high-quality data and science-based Scope 3 Emission calculation methodologies, combining spend data with supplier data, and globally recognized databases.

Optimise your emission-to-spend ratio.

Get Scope 3 emission data harmonised with procurement spend to pinpoint emission hotspots and make informed sustainability decisions.

Sievo's world-leading data management capabilities

12 mil. Suppliers

mapped with ESG data and enriched by Sievo AI

0.2% global CO2 emissions

processed annually across Sievo's procurement analytics solutions

2%+ Global GDP

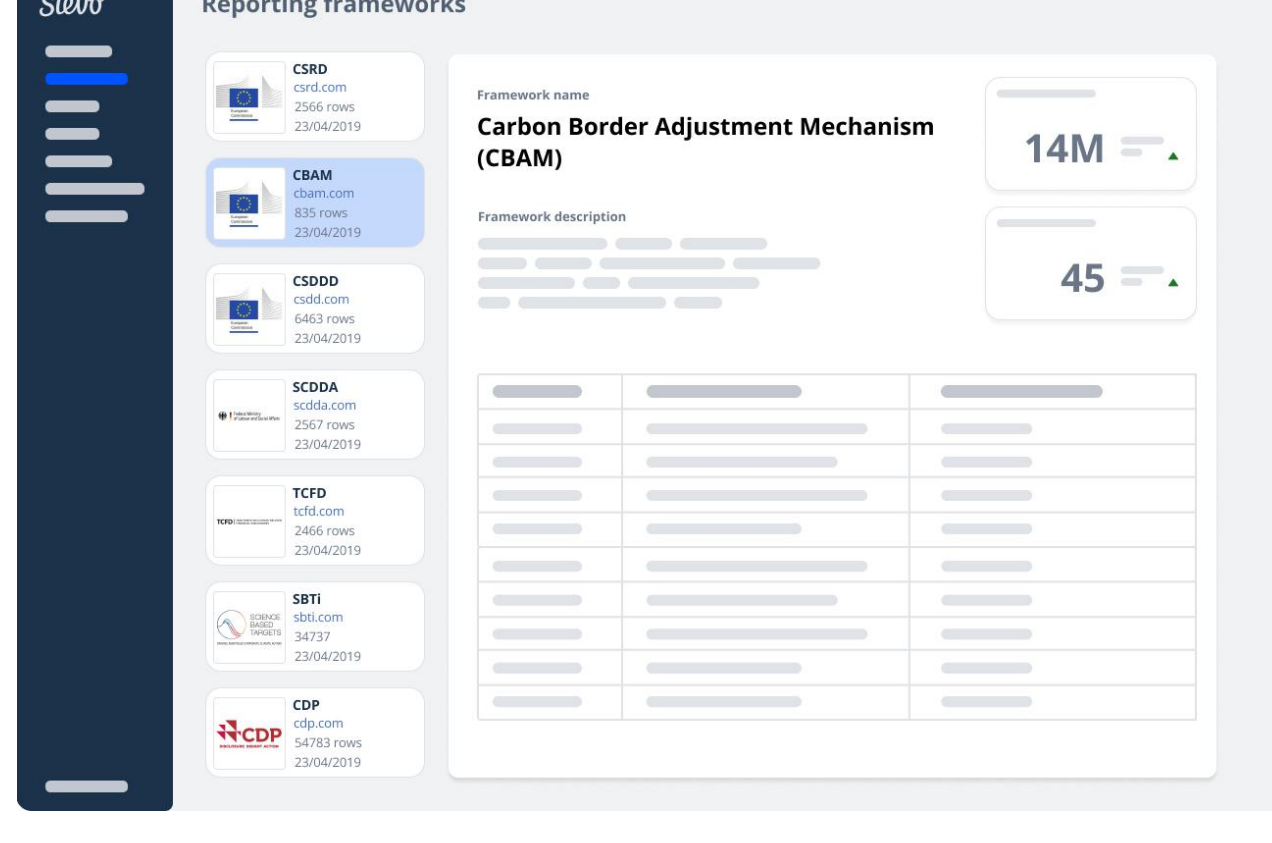
cleansed, managed and processed annually

Reduce spend or emissions? Achieve both!

Discover the power of having a single source of truth and radical transparency to all sourcing decisions from choosing the right suppliers to enabling a sustainable and resilient supply base, while at the same time optimizing costs.

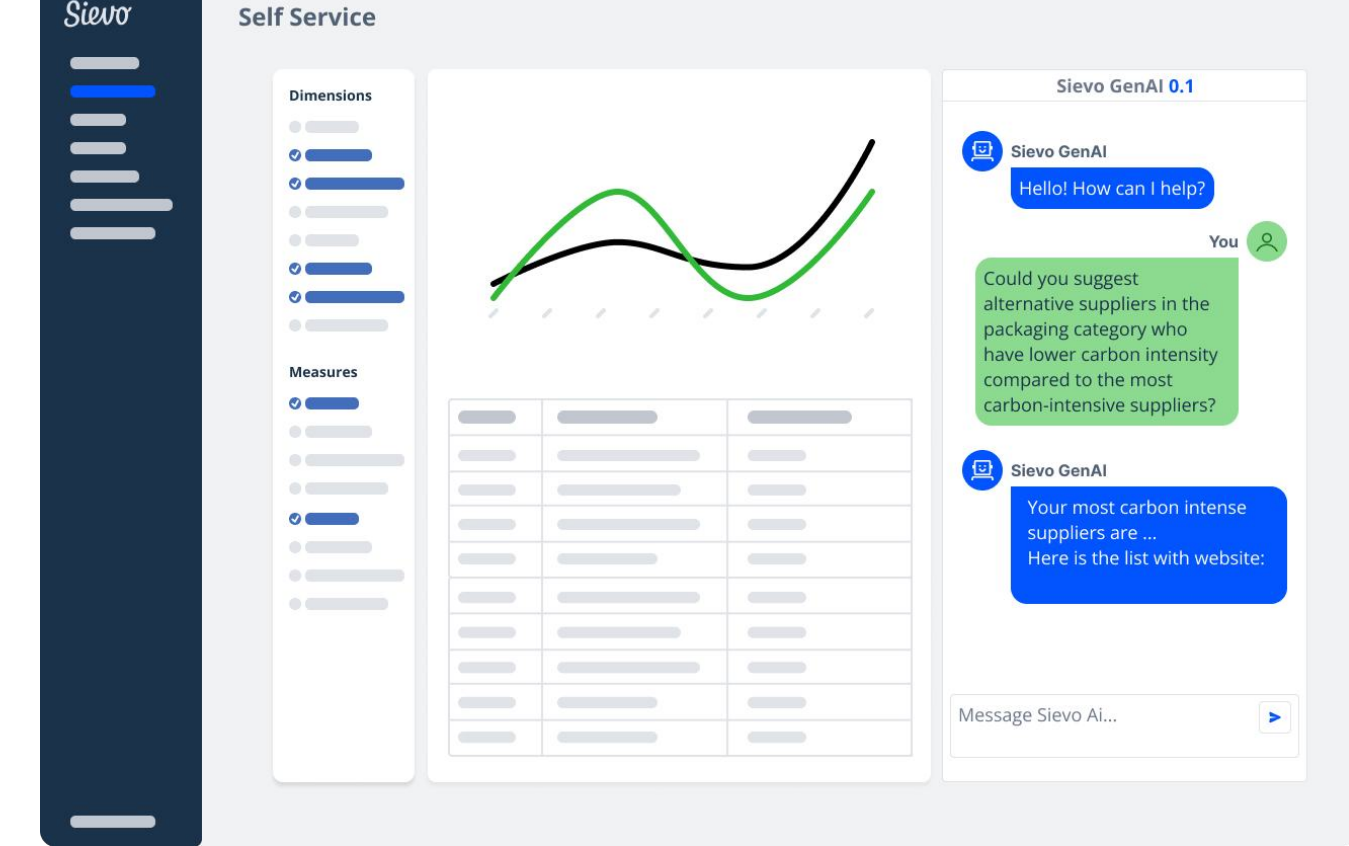
Unmatched efficiency in aggregating your Scope 3 emission data

Calculate and report on your sustainability performance with sufficient information combining internal, third-party and Sievo community data, emphasising CO2 emissions within the procurement context. **Build sustainability profiles** of your suppliers utilising SBTi, third-party data, or data gathered directly from Sievo's supplier questionnaire. **Report on your emissions based on spend, quantity, or suppliers**, with accurate, in-depth analytics for the most pressing emission reporting frameworks.



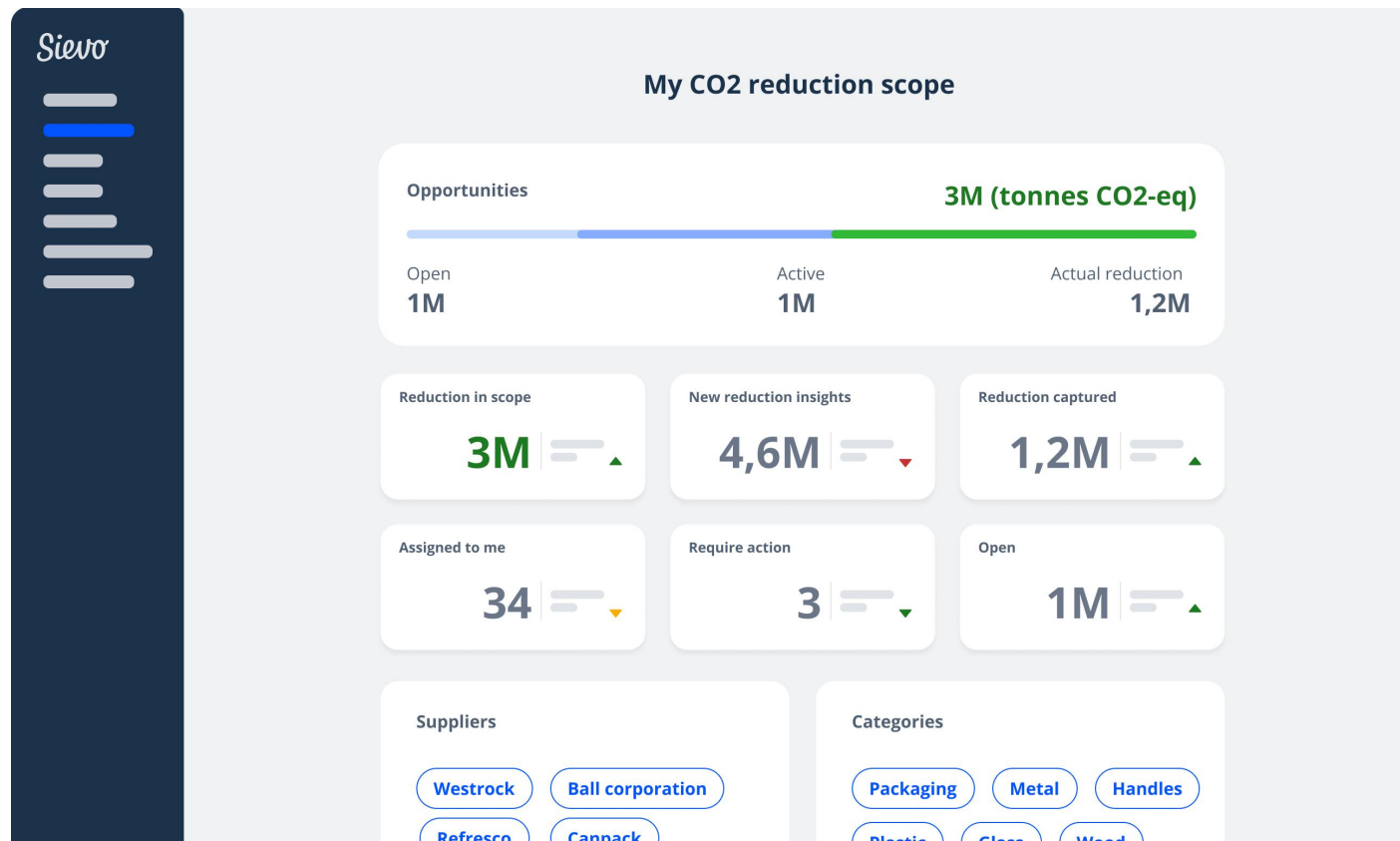
Streamline your emission reduction with automated actions

Easily **discover decarbonising opportunities** hiding in plain sight with actionable Insights. No more manual analysis! **Find answers to your specific questions** quickly using the Self-service GenAI Assistant. **Substitute mundane and repetitive emission reduction tasks** with AI-powered automation for assigning tasks and supplier emails, **freeing up time for strategic initiatives**. Cut through the noise and **stay informed** with personalised insights to **focus on the recent and most relevant opportunities**.



Best value for your sustainability investment

Attain high ROI with a solution that delivers emission reduction opportunities, without requiring IT or other resources for continuous use. **Get started quickly and easily** with high-quality scope 3 emission analytics to drive immediate action and impact. **Leverage an always-on analytics solution** and **support from our Sustainability and LCA experts** to ensure your emission analytics and reduction initiatives are hitting the targets and are integrated into your supply chain decisions.



All your procurement and sustainability data in one place, delivered in a meaningful format

Reporting frameworks

CSRD CBAM

GRI TCFD

CDP SBTi

Connect to any data source of different supplier emission factors based on spend or quantity to **report on the most pressing emission framework**.

Decarbonising opportunities

Switch to supplier: Achme

Decarbonising opp: 1.2M

Spend difference: -2M\$

Gain invoice-level visibility into both spend and emission data to pinpoint emission sources, measure accurately, report correctly, and **reduce emissions while optimizing costs**.

Emission reduction targets (SBTi)

Near-term: TARGETS SET

Net-zero: COMMITTED

Follow the climate actions of your supplier base with **Science Based Targets Initiative (SBTi)** data and impact the trajectory of your Scope 3 Emissions.

Third-party data

Sievo's calculations

Supplier Questionnaire

Easily **aggregate data from any source** or **collect emission factors and supplier details** from Sievo's Supplier Questionnaire, integrating them into your CO2 reporting.

The diagram illustrates a circular flow of data. Three large arrows form a circle: a blue arrow labeled 'SUPPLIER' pointing clockwise, a dark blue arrow labeled 'SPEND' pointing clockwise, and a teal arrow labeled 'MATERIAL' pointing clockwise. In the center of the circle is a white circle with the text 'IMPROVED DATA QUALITY'. Surrounding the circle are logos for various data sources: 'e.g. ecovadis', 'e.g. CDP', 'e.g. SCIENCE BASED TARGETS', 'e.g. ecoinvent', and 'e.g. exiobase'.

Sievo supports your data enhancement journey with comprehensive levels of data and CO2 insights for continuous improvement.

- ✓ Up-to-date emission data
- ✓ Collaboration with suppliers
- ✓ Latest regulation & requirement updates

• Accurate emission calculations • Insights • Emission Reduction all in one while improving the quality of your data

“It is great to have a breakdown of our suppliers' sustainability targets, so we can see where we would end up in a certain year. This is something which has usually taken a lot of time, now it's 50x faster by just opening Sievo.”

Stefan Niesler – Senior Expert Procurement at Deutsche Telekom

“Having our GHG emission data accessible with high granularity levels at our fingertips via Sievo is a key differentiator. It will accelerate our objective to reduce impact on the environment.”

hikma. Francois Rousselot – Group Head of Procurement at Hikma

Sievo is the Carbon Management Leader with Quickest Deployment awarded by SpendMatters

Best Systems Integration

Quickest Deployment

SpendMatters

SolutionMap VALIDATED 2024

Heart icon: Highest Accuracy for Emissions Tracking

Star icon: Top Collaborative Capabilities