SUSTAINABILITY ESSENTIALS FOR CORE FUNCTIONS: PROCUREMENT

THE WHY AND HOW OF EMBEDDING ESG INTO PROCUREMENT



UN Global Compact

Global Compact Network UK

CLYDE&CO

INTRODUCTION

Procurement teams hold the responsibility for many of a company's biggest decisions and levers for impact: choosing what to buy, who to buy it from, and what is expected of the seller.

Those three decisions directly shape the company's supply chain emissions, working conditions of people all around the world, and a large share of what the organisation discloses to clients, investors, and stakeholders.

Because of this, a sustainability commitment that doesn't connect with procurement decisions never reaches the supply chain, opening the business up to both risk and missed opportunity.

Recognising the critical intersection of procurement and sustainability, the UN Global Compact Network UK hosted an event in March 2025 to explore how procurement and sustainability impact each other, what procurement teams should know to support the integration of sustainability throughout the business, and what sustainability and procurement functions can do to work together towards sustainability goals, while driving commercial value.

The event, supported by Clyde & Co, featured the following speakers:



Andrew Roper
Global Head of Procurement,
Clyde & Co



Carly Thomas
Head of Sustainability,
Sky



Ben Ngobi
Global Supplier Impact &
Sustainability Lead, Accenture



Charlotte Horder
Formerly Sustainable Procurement
Pledge



Emma Crates
Business & Human Rights Lead,
Marshalls



Chris Low
Director, Sustainability Procurement
and Packaging, Haleon

Why sustainability and procurement?

Achieving a company's sustainability targets cannot be accomplished by one person or even one team. Sustainability is complex and requires consideration of a multitude of factors across the business, supply chain, and whole economy. Yet in many companies, sustainability still sits in a silo without much engagement from the functions whose decisions sway the outcome. For many, procurement is a clear case of this.

Procurement sits between a company and its suppliers, influencing spending, choosing which suppliers to work with, and outlining what is asked of them. Through purchases, tenders, contracts, and supplier engagement programmes, procurement teams shape Scope 3 emissions, labour rights and working conditions, resource use, diversity and inclusion, nature impacts and dependencies, and more.

The question is not whether procurement has a role in sustainability, but how the company is set up to use its influence.



> **"Procurement is one of the largest levers to drive impact in your organisation."**
>
> **Ben Ngobi, Accenture**

Where the two functions meet

Sustainability and procurement now sit closer together than most organisational charts suggest. These are the areas where the two intersect.

Energy & carbon emissions

Most of a company's carbon footprint is bought, not made. Purchased goods, services, and capital equipment fall under Scope 3 Categories 1 and 2, and can account for a majority of total emissions.

Accenture puts its own Scope 3 emissions at around 80% of its total footprint, and Proxima's benchmarking finds supply chains average roughly three-quarters across most organisations.

The Greenhouse Gas Protocol's Corporate Value Chain Standard sets out how these categories are calculated, and the Science Based Targets initiative's Corporate Net-Zero Standard now includes supplier engagement in Scope 3 targets, meaning targets are met by changing what a company buys and from whom.

Energy sits in the same bracket: for companies buying rather than generating power, sourcing choices (grid contracts, renewable certificates, PPAs) largely determine Scope 2, and are usually managed by the same team.

Measurement & comparability

Carbon per category, living wage coverage, supplier diversity, and waste diverted are figures that enable a buyer to compare bids, save costs, and understand tangible contributions to company sustainability targets.

Product carbon footprints (PCFs) and life cycle assessments (LCAs) can be extremely useful resources for comparing the emissions of the same product from different suppliers, and it is often in the hands of procurement to take the lead in asking for those figures.

Specification & circularity

Materials, packaging, lifecycle, and end-of-life emissions are locked in at the specification stage, along with agreed certifications (e.g., upcycled, fairtrade, etc.), and the land, water, and resource footprint behind a purchase.

ISO 20400 gives procurement a way to build this into policy once, rather than renegotiating it contract by contract; the Ellen MacArthur Foundation's circular procurement framework and ISEAL's certification guidance are useful companions.

Human rights & labour standards

Procurement decisions set wages, hours, and conditions for workers a buyer never directly employs, which makes human rights due diligence a clear priority. However, paperwork alone is a poor guide to supplier conditions, as audits routinely find gaps that documentation doesn't show, particularly among suppliers sourced from higher-risk markets.

The UN Global Compact's Decent Work Toolkit for Sustainable Procurement, and its living wage hub, are built to support this.

Nature & land use

Disclosure obligations are expanding beyond carbon into land, water, and biodiversity, and procurement holds key data needed to report on it.

The EU Deforestation Regulation is the clearest example, covering seven commodities including cattle, cocoa, soy, and palm oil, and now applying to large and medium operators from December 2026. The Taskforce on Nature-related Financial Disclosures (TNFD) is driving similar mapping for all nature topics, adding to traceability work already required for social impact reporting.

Regulatory

Scope 3 disclosure, modern slavery statements, conflict minerals reporting, UK Sustainability Reporting Standards (UK SRS), and the EU's Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD) all depend on supplier-level data.

The real constraint is data access: EcoVadis found that while visibility on supplier data is growing, 30% of total suppliers still provide no emissions data at all, which highlights the significant role that procurement plays in disseminating supplier questionnaires and using traceability tools that will close this gap.

Resilience & supplier diversity

Over a decade, supply chain disruptions can cost a company approximately 45% of a year's profits, according to McKinsey Global Institute modelling. Diversifying the supplier base reduces that exposure while advancing supplier diversity goals, assuming qualification criteria don't exclude smaller firms. CIPS, with MSDUK, makes the business case for supplier diversity in detail.

WHAT COLLABORATION IS WORTH

Cross-functional collaboration produces returns a business can measure, illustrated as supplier capability that outlasts a single contract, less supply chain disruption, and competitive edge when winning tenders. Nearly 70% of companies now quantify the financial return on their sustainable procurement programmes, and EcoVadis puts the cost of supply chain disruption at $1.6 trillion a year in lost revenue growth potential – highlighting the vital importance of resilient supply chains that consider sustainability.

To the people in the roles



Meaningful collaboration is complementary, with sustainability teams carrying the targets but little commercial leverage, and procurement holding decision-making power, but very little time to keep up with standards that change every year.

Where that function is a single person, as it is at Marshalls, the dependency is immediate rather than theoretical: **"in terms of procurement, they are absolutely essential to what I do. I can't function as an island."** Emma Crates, Marshalls.

Through day-to-day supplier relationships, procurement gives a one-person sustainability function the reach they could not otherwise achieve. At Marshalls, that mutual understanding took three years of deliberate work on both sides. The other necessity is translation:

> **"Sustainability is not here to make the world more complicated; sustainability has to be here to make the world more digestible for procurement professionals, otherwise, it's just more jargon and more complexity that doesn't actually help any negotiation process."** Carly Thomas, Sky.

This can be mitigated when the two functions sit together. An operational sustainability team placed inside procurement, as it is at Sky, can advise on sustainability-based procurement while decisions are still open, rather than after expectations are already communicated to suppliers.

To the organisation's sustainability goals



Many companies have significant Scope 3 emissions in Category 1: Purchased Goods and Services, so reaching a science-based net zero target depends on suppliers' behaviour and action, but suppliers only change operational decisions when the requirement is attached to a live commercial decision.

The same applies to a living wage commitment, a deforestation-free claim, or a circularity target: a supplier helps deliver it, but procurement selects that supplier, and procurement writes the terms.

Sustainability asks are impactful at particular moments, and that window is narrow: **"the moment of leverage with our suppliers is when we're doing tenders, when we're awarding business."** Chris Low, Haleon. Without written agreement, a business can communicate further asks, but **"the traction that you will get without an incentive… is quite modest."**

Selection opens the door, and the contract keeps it ajar, since clauses are what turn a tender promise into a requirement. For a sustainability team, the practical consequence is that their related workflow needs to follow the procurement calendar rather than the reporting calendar to avoid missing out on input into these processes and decisions.

To the business



Around 51% of businesses worldwide already run sustainable procurement practices, and that share is expected to rise as ESG requirements become standard.

The Sustainable Procurement Barometer 2026, from EcoVadis and Accenture, surveyed 1,000 multinationals and nearly 2,000 of their suppliers, and found that organisations with the strongest supplier visibility, data integration, and supplier engagement programmes increase revenue 3.6% faster than their peers.

Pressure for sustainable supply chain programmes also comes from external forces:

> **"If the clients are driving it, that drives the organisation."** Andrew Roper, Clyde & Co.

Increasingly, investors, clients, and customers want to see tangible improvements and clearer disclosures around ESG, and an efficient partnership between procurement and sustainability can drive this forward. However, this partnership needs to be commercially relevant – meaning translating sustainability into performance indicators (KPIs) already in use by the organisation.

INTEGRATING THE TWO FUNCTIONS

Who is involved and how it is governed

The key players are straightforward

Category managers
for the material spend

Sustainability lead

Legal team representative
for contract wording

Finance team representative
for total cost and carbon valuation

Leadership representative
to provide unbiased feedback and champion efforts

The buyers who already handle the material categories should be consulted first. This channels effort where spend and risk already sit and secures buy-in early.

The reporting lines are also critical to success

Reporting jointly

A procurement function reporting jointly into the Chief Financial Officer and the Chief Sustainability Officer, as at Clyde & Co, means that financial and sustainability objectives get weighed together, instead of in sequence.

The workable substitute

If reporting lines can't be adjusted, the workable substitute is a standing working group with joint objectives and a shared line into the responsible executive, so the framework for collaboration continues even as role-holders change.

HALEON: INTERNALLY PRICING CARBON IN TENDERS

Haleon communicates its rules to suppliers before a tender opens. Haleon values carbon at the EU Emissions Trading System price (around €65/tonne when the session took place and roughly €82/tonne by August 2026) and multiplies that by the emissions in scope and adds the result to the price proposal, which is visible to the supplier in advance.

The result is clear: **"if you've got a low carbon footprint, you will look competitive versus your peers."** Chris Low, Haleon. Publishing the method is what turns a scoring criterion into an incentive, because a supplier can decarbonise before bidding. Internal carbon pricing can also be a powerful tool for cost savings, behavioural shifts, and decarbonisation within the company. Haleon shared its methodology with the Sustainable Procurement Pledge (SPP), which has contributed to the SPP's work on carbon pricing for procurement.

What changes in the process?

Prioritise where action is needed most

Capacity is finite. No matter the size of the supplier base, work through it on a risk and opportunity basis, segmenting by emissions, human rights risk, and spend.

Give sustainability weight in tender scoring

Publish the method to bidders in advance so they can act on it before they price. If supplier-level emissions data does not exist, a proxy can serve as a temporary measure. Where a company buys services instead of products, PCFs and LCAs are often unavailable, so procurement can score a supplier's net zero target, its published transition plan, or its third-party sustainability rating instead.

Translate commitments into the contract

The Chancery Lane Project publishes free climate clauses drafted by lawyers for use in any commercial agreement, which procurement can build into standard terms rather than negotiating them each time. Onboarding is the other control point. Ethical standards or procurement sourcing principles that integrate the UN Global Compact's Ten Principles and flow down into a supplier code of conduct should be agreed at the outset.

Collect data once and reuse it

Suppliers are answering the same question from every customer in a slightly different format. At Sky the policy is clear: **"we're not asking 200 questions of which 25% are useful and the rest of it is nice to have."** Carly Thomas, Sky. Peer networks such as the Sustainable Procurement Pledge can be useful in aligning what a whole sector asks for to reduce the burden on suppliers and improve the information that's returned.

Build capability on both sides

Andrew Roper reflected on why training buyers matters: **"there's having a passion, and then there's having the knowledge and the baseline to go and confidently talk to the C-Suite or your senior stakeholders around sustainability."**

Conversely, sending the sustainability lead to procurement training enables the learning to run in both directions. It can also be useful to bring in an external auditor to debrief the procurement team after a supplier audit. In each case the aim is the same: people want to do the right thing, and what they need is something concrete to act on.

Sky removed single-use plastic from its supply chain in 2018, and people inside the business still cite it. That kind of change cascades to further action: **"it happens once you've got an example of good that people can use."** Several of Sky's hardware suppliers have since built their own ESG teams and set science-based emissions reduction targets of their own.

Match ambition to what suppliers can deliver

Charlotte Horder's caution is blunt: "you can't demand everything when they're simply not there." Instead, work with less mature or smaller suppliers to develop their capacity. Progress is better than perfection, and the time for action is now: **"we have a climate emergency on our hands, the first steps on decarbonisation are obvious... get on with it, we cannot wait."** Chris Low, Haleon.

ACCENTURE: ONE SYSTEM OF RECORD FOR SUPPLIER DATA

Accenture's supply chain programme covers environment, human rights, and conflict minerals, supplier development, accessible procurement, and supply chain transparency.

Its Sustainable Procurement Hub is live in more than 60 countries and scores supplier performance against those areas, capturing data at onboarding and refreshing it each year. One system serves the reporting obligation, the risk assessment, and the supplier conversation at the same time.

The current goal is for 90% of key suppliers to hold an emissions reduction target or an initiative, which it reported meeting in 2025. Where suppliers are too small to accurately calculate a footprint, Accenture pays for the work, and is now looking for other buyers to share that cost so the same suppliers are not funded several times over.

GUIDING QUESTIONS FOR DISCUSSION

To uncover areas for further work, discuss the following questions with a colleague from the other function. Record actions, owners, and timelines for next steps in our accompanying Discussion Template.

- Which tenders, renewals and supplier reviews fall in the next twelve months, and how can we leverage them appropriately?
- What do we already ask suppliers through questionnaires, and how much of it do we actually use?
- Which procurement spend categories are material, by emissions, by human rights risk, by environmental impact, and by spend? Have we completed a double materiality assessment to understand these?
- Do sustainability criteria act as mandatory hurdles in sourcing and award, or alongside them as optional context?
- Are ESG-related tender commitments written into contracts, and who checks them afterwards?
- Who needs training (procurement colleagues, sustainability colleagues, or suppliers), who should deliver it, and when?
- Which sector initiative or peer group would align our supplier asks with those of other buyers?

Additional resources

Sustainable procurement and training

- ISO 20400:2017
- Sustainable Procurement Pledge, The Guide
- UN Global Compact Academy
- Sustainable Suppliers Training Programme
- Supply Chain Sustainability School

Carbon and Scope 3

- GHG Protocol
- SBTi Corporate Net-Zero Standard
- Scope 3 Peer Group
- World Economic Forum and BCG, Net-Zero Challenge: The Supply Chain Opportunity (2021)

Human rights, decent work, and living wage

- Decent Work Toolkit for Sustainable Procurement
- UN Global Compact living wage hub and Living Wage Analysis Tool
- Business and Human Rights Accelerator

Circularity, nature, certification, and diversity

- Ellen MacArthur Foundation
- UNEP-WCMC, Every Job is a Nature Job: Procurement
- ISEAL, on judging whether a certification scheme is credible
- CIPS supplier diversity hub, published with MSDUK

Contracting, regulation and benchmarking

- The Chancery Lane Project
- PPN 006
- Omnibus I, the adopted CSRD and CSDDD reforms
- EcoVadis and Accenture, Sustainable Procurement Barometer 2026

ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the United Nations Secretary-General, the UN Global Compact is a call to companies worldwide to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment, and anti-corruption.

Its ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals (SDGs) through ambitious, accountable companies and environments that enable change. With more than 21,000 companies and 3,300 non-business signatories based in over 167 countries, and 64 Local Networks, the UN Global Compact is the world's largest corporate sustainability initiative — one Global Compact uniting business for a better world.

For more information, visit www.unglobalcompact.org

ABOUT THE UN GLOBAL COMPACT NETWORK UK

The UN Global Compact Network UK is part of the world's largest responsible business initiative, the United Nations Global Compact, connecting UK companies and other organisations in a global movement dedicated to driving sustainable growth. Through an extensive programme of activity, it promotes sustainability leadership to create a world we want to live and do business in, by inspiring ambition, enabling action, and collaborating to shape the business environment.

The Ten Principles of the UN Global Compact, rooted in UN treaties, provide a robust foundation for corporate sustainability and business action on the SDGs.

For more information, follow us on LinkedIn ((UN Global Compact Network UK) or visit unglobalcompact.org.uk

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Please cite this publication as:
Sustainability Essentials for Core Functions: Procurement (The why and how of embedding ESG into procurement)

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