



# BUYING FOR THE **FUTURE**

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A strategy for sustainable procurement

A strong environmental, social, and ethical foundation  
for your procurement function.

*"Choosing to be a sustainable business means embarking on a path of transformation across three dimensions: inside the company (operating model), outside the company (value proposition and supply chain), and human (hiring and development policies, or employees and top management compensation)."*<sup>1</sup>

**Capgemini  
Research Institute**

For years, most businesses have recognized the commercial and ethical value of a responsible social and environmental strategy. It is now normal practice for a business to define Environmental, Social and Governance (ESG) goals alongside growth plans on an annual basis.

Today, forward thinking businesses are looking beyond their own walls to their supply chain and setting expectations with their suppliers that they become part of an ESG value-chain that is not just compliant with relevant environmental and social legislation but is seen to be a positive force for societal good.

While the pressure to demonstrate such strong environmental, social and governance policies originated from a growing base of socially aware consumers, it is now investors and, increasingly, boardroom influence that is driving this change. It, therefore, frequently falls to the Chief Procurement Officer (CPO) to ensure that her procurement landscape reflects an ethical, sustainable, and well-policed supply chain. In effect, the CPO needs to ensure that her company can:

1. Contribute to the carbon reduction strategy of the company
2. Adapt ways of working to achieve new sustainable objectives
3. Unfold the sustainability objectives into the supplier ecosystem.

Achieving this can present challenges: defining what is to be measured, how it is to be measured and what individual suppliers can report is not easy. Applications capable of collating, reporting and analyzing your company's exact requirements may not be available or may be difficult to configure.

## SUSTAINABLE PROCUREMENT: THE PERCENTAGES

**79%**

CONSUMERS THAT ARE CHANGING PURCHASE PREFERENCES BASED ON SOCIAL, ECONOMIC, AND ENVIRONMENTAL IMPACT<sup>4</sup>

**71%**

EXECUTIVES WHO SAY THAT ENERGY AND UTILITY COMPANIES THAT DO NOT IMPLEMENT NEW-ENERGY MODELS WILL BE WIPED OUT<sup>5</sup>

**50%**

THE AMOUNT OF ANNUAL GLOBAL WASTE ATTRIBUTED TO PACKAGING<sup>6</sup>

**23%**

ORGANIZATIONS THAT KNOW WHICH SUPPLIERS ACCOUNT FOR MOST OF THEIR SCOPE3 EMISSIONS<sup>2</sup>

**11%**

SUSTAINABILITY INITIATIVES THAT ARE, ON AVERAGE, BEING SCALED ACROSS THE COMPANY<sup>3</sup>



## DOING THE RIGHT THING TO DRIVE BUSINESS VALUE

Today's businesses must serve corporate and societal stakeholders alike on environmental, social and climate issues. Demonstrating focused and measurable commitment to sustainability is no longer optional but, of course, businesses must also demonstrate value aligned to more conventional performance indicators including cost-control, revenue generation and customer satisfaction.

In their report, "The Business Value of Sustainability"<sup>7</sup>, the global design and innovation studio (and part of Capgemini Invent) Frog cites achievable KPIs within a sustainability strategy can lead to:

- Increased revenue from new sustainable product and service lines
- Improved opportunities to reduce operational and supply chain impact
- Long-term strategic planning that looks beyond quarterly results
- Reduced risk of regulatory intervention
- Long-term reduction in operating/compliance costs through sustainable practices
- New business models that challenge status quo and engage stakeholders
- Improved access to purpose-driven partners and top talent driven by an ecosystem mindset
- Transformed company culture and mission set around a regenerative vision
- Improved employee retention, loyalty and pride
- Improved brand reputation and increased brand awareness
- Decreased risk of negative publicity, consumer boycotts and investor pressure
- Increased engagement with customers, employees and local, global communities.

*"To prioritize supplier engagement, procurement leaders must first identify the suppliers that are the most relevant to their sustainability goals. Depending on the sustainability topics being addressed — whether it is greenhouse gas (GHG) emissions, modern slavery or others — the list of suppliers will likely be different."<sup>8</sup>*

**Gartner Inc.**

## ACHIEVING A SUSTAINABLE PROCUREMENT FUNCTION WITH CAPGEMINI AND SAP

Capgemini and SAP have enjoyed an innovative, customer-centric partnership for more than four decades, fostering synergies between our capabilities, technologies and expertise to address the prevailing business challenges but never has our partnership seemed more crucial than today when we all face climate transition challenges, from commitment to sustainable achievements.

## What we offer:

Working together, Capgemini and SAP have created a comprehensive Sustainable Procurement service to address the most challenging supply chain landscapes. This offer powers the inevitable transformation towards your sustainable business and is underpinned by science-based targets. Our Sustainable Procurement approach drives business value across the entire value chain, not just within your business but into the supplier ecosystem. When your business has already committed to the first and most critical step by embracing sustainability as a strategic objective, we can help you to boost efficiency and improve performance with respect to the triple bottom line of people, planet, and profit.

**We propose a four-pillar offer to directly address and resolve the CPO's challenges.**

### 1 Carbon footprint performance plan

- Scope 3 carbon assessment
- Carbon reduction strategy (including SBTi10 target definition)
- Carbon monitoring solution design and implementation
- Carbon reduction action plan implementation
- Carbon savings strategy

### 2 Sustainable operating model

- Sustainable assessment (processes, organization, digital, people)
- Sustainable procurement operating model design and implementation
- Sustainable procurement digital and data transformation
- Sustainable procurement upskilling and onboarding program

### 3 Supplier's CSR compliance

- CSR procurement strategy definition
- Supplier CSR monitoring framework
- Supplier CSR platform design and implementation
- Supplier CSR onboarding and upskilling program

### 4 Corporate Power Purchase Agreement (PPA) transition

- Corporate PPA strategy and business case definition
- Corporate PPA negotiation and implementation.

**Powerful technology foundation for our Sustainability Procurement offer:**

Across the four pillars, SAP helps automate and streamline the processes, manage the carbon data as well as all ESG reporting requirements through solutions like SAP Ariba,

SAP Product Footprint Management and SAP Sustainability Control Tower.

## SAP Ariba:

SAP's comprehensive Intelligent Spend Business Network solution that covers the entire source-to-pay processes, including supplier management (augmented by the SAP Ariba – EcoVadis supplier Sustainability Rating solution), sourcing and contracts, spend analysis, invoice and payment management.

## SAP Product Footprint Management:

SAP's solution dedicated to carbon footprint evaluation and monitoring. This product provides a five-stage process that begins with data acquisition and includes emission factors management, and carbon footprint calculation, analytics, and integration.

## SAP Sustainability Control Tower<sup>11</sup>:

The solution offers end-to-end, real-time visibility across your company's entire network, including suppliers, manufacturers, and business partners, allowing you to manage what you cannot see, plan for unlimited, unknown variations, and mitigate disruptions and risk before they become issues.

We strive to embed impact measurement into our business decision-making and target-setting across our entire value chain, using capabilities and insights provided through our software.<sup>12</sup> solutions.





# EXAMPLES OF SUSTAINABILITY ASSESSMENT CRITERIA

The so-called “triple bottom line” framework considers not only financial targets but social and environmental targets, too. These targets could include:

- Greenhouse Gas reduction targets
- Water usage reduction targets
- Packaging reduction targets
- Materials recycling targets
- Environmental accreditation
- Community engagement and support policy
- Modern slavery refutation policy
- Land usage/deforestation policy
- Reduction of employee accidents
- Workforce diversity policy
- Bribery, corruption, and human rights abuse policies.

There has never been a better time to leverage technology and human capabilities to tackle Environment, Social and Governance challenges.<sup>13</sup>



# CAPGEMINI'S COMMITMENT TO SUSTAINABLE RESULTS

Capgemini is proud to be recognised as one of the world's most ethical companies for many years. We have a strong commitment to environmental sustainability and the role we play in the communities in which we operate.

More than that, we are proud that we can help our clients to achieve their ESG objectives. We have developed the Sustainability Framework – a framework that helps our clients to accelerate each stage of their net zero journey.

## THE SUSTAINABILITY FRAMEWORK

### **Act**

*Act to put sustainability at the heart.*

The move to action is a considerable challenge and a significant undertaking. We have established levers for transformation across the value chain that will help you to navigate the most appropriate course of action.

### **Commit**

*Define your strategy by evaluating your current state.*

Create net zero ambitions and a bespoke roadmap based on optimum levers, including new business models for the next economy, while engaging all stakeholders to shape a universal, sustainable future.

### **Monitor and report**

*Monitor and report data to enable a net zero strategy.*

Enable and scale sustainable transformation by leveraging reliable data. Create a coherent strategy, harnessing data to transform your value chains, scaling up data, and embracing AI to power sustainable actions. next economy, while engaging all stakeholders to shape a universal, sustainable future.





# FOOTNOTES

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9. SAP, "The Power and Scale of a Global Sustainability Ecosystem", 11 January 2022, <https://news.sap.com/2022/01/global-sustainability-ecosystem-power-scale/>
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## About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 340,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fuelled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2021 global revenues of €18 billion.

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Find out more about Capgemini's ESG policy:

<https://investors.capgemini.com/wp-content/uploads/sites/2/2019/05/ESG-policy2021.pdf>

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