

## **Sustainable procurement in 2024 – The next level**

2023 was a pivotal year for the sustainable procurement agenda. As we emerged from Covid and into terrible wars in Ukraine and Gaza, the fragility of our supply chains and the volatility of prices were cruelly exposed. Furthermore, much of the world has now accepted that climate change must be addressed urgently if the human race wishes to continue into future generations.

What does this mean to the procurement profession? Here are some thoughts as we head into a New Year:

### **The beginning of the end of Greenwash.**

In the 1990s, sustainable procurement was mostly a “tick box” exercise. Send out a questionnaire from the Environment team, the supplier would copy and paste the reply they did last time with wonderful examples of how nice they are, put a weighting factor on the responses that ensures it will never make a difference to the procurement decision, tick the box to say we did something then carry on doing what we did before. Greenwash still exists of course, only the other day I passed a 40 Tonne diesel truck with “Delivering sustainable logistics” painted on the side. What is sustainable about a diesel truck with a sign painted on it? I have no idea.

However, the times they are a ‘changing. Clients and investors are looking for hard facts, real performance, and real continuous improvement. This will necessitate working with supply chains in ways we have not imagined before.

### **It's not just about carbon.**

Most of us know we need to reduce our carbon emissions. Some real progress is being made despite confusion over terminology such as Net Zero and Scope 3, to name but two. It is clear emissions causing more than 1.5 degree increase in global temperature would be a disaster. Even if we achieve this, the profound impact the human race has on nature could spell disaster. We must control the destruction of habitats to enjoy the natural balance of our ecology. We are also starting to hear the expression “just transition”. This is a simple term to describe a very complex subject. I particularly like this [video from Scottish and Southern Energy](#) which sums up the challenges of the past and in the future. As the world starts to de-carbonise, there will be winners and losers, we need to make sure those people formerly involved in “dirty” sectors are not left behind. They are not to blame.

### **Buyers beware – it is about to get more complicated.**

As the world starts to demand more low carbon alternatives, life for the buyer becomes more complex. **Solar Photovoltaics** are now universally recognised as one of the cheapest

(and greenest) forms of electricity generation, so it seems logical to plaster every inch of space with solar panels. The unfortunate buyer is duly despatched to procure them. Simple eh? Unfortunately, not. The team at Action Sustainability recently conducted a fantastic strategic sourcing [report on the solar industry](#). This Chinese dominated sector has strong evidence of forced labour. New legislation in the USA prohibits import of goods that fail to demonstrate their manufacture is free from forced labour, new due diligence legislation in the EU and Modern Slavery Acts in various countries deem the purchaser to be complicit in labour abuses found in their supply chains. This, combined with reputation risks associated with this product, potential high costs of recycling at the end of life and other barriers to procurement, make this seemingly simple product challenging to buy. The report helpfully provides advice for buyers navigating this category.

Diesel engines are known polluters, not only carbon emissions but they also have emissions potentially harmful to human health. Use of **Hydrotreated Vegetable Oil (HVO)** seems to be a useful diesel substitute with significantly lower carbon emissions. Simple, then, buy some HVO. Maybe not. There are various grades of HVO depending on the source of vegetable oil. Used cooking oil is very sustainable but virgin oil produced from agricultural sources or mono cultures such as palm oil have significant impacts on biodiversity. The potential for forced labour in this value chain is also high. Regulation is not keeping up with demand, so it is important to understand where your HVO is from and how much due diligence your supplier is applying to address these issues. Look out for a report on this category in 2024.

These are just two examples of an ever-complex role for procurement people.

### **The good news**

There has never been a better time to be in procurement. Most organisations in most sectors in most geographies deliver most of what they do through their supply chains. The procurement function is mission critical as we transition our organisations to a lower carbon, nature positive and ethical future. Our profession needs to step up, learn new skills and demonstrate how good procurement can be a key part of the solution.

I wish you a happy and prosperous 2024.

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