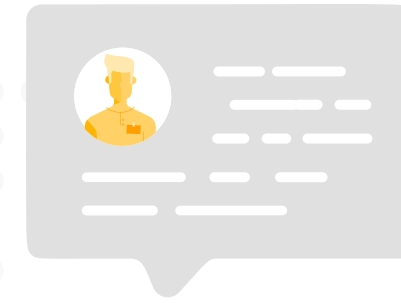


Sustainable Procurement Barometer 2021: Key Findings

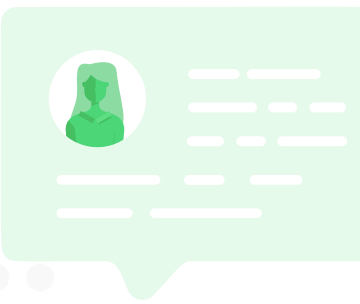
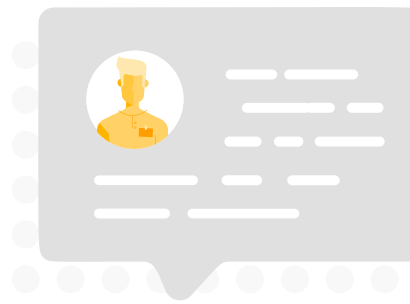
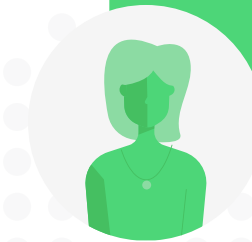
We have seen dramatic growth in sustainable procurement in the years leading up to 2021, with hundreds of global leaders scaling up their programs. We wanted to find out how the disruption of the pandemic has impacted this trend.

Sustainability was top of mind for companies before the pandemic, and our research shows it will continue to be. In fact, it will likely gain more attention as corporate executives address the challenges revealed by the pandemic and shift their focus toward issues related to the environment, labor and human rights, and diversity. However, while supply chain objectives may be clear, achieving them remains a significant challenge for many companies.

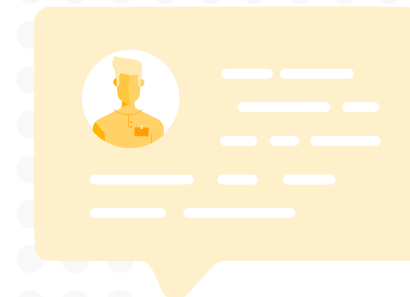
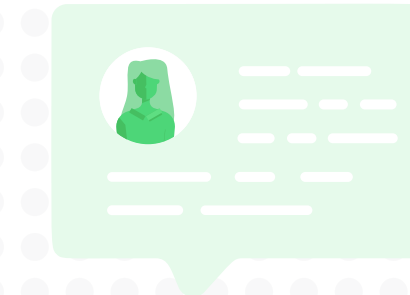
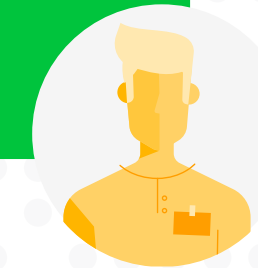
Read our full Barometer 2021 report for more on how sustainable procurement helped companies weather the pandemic.



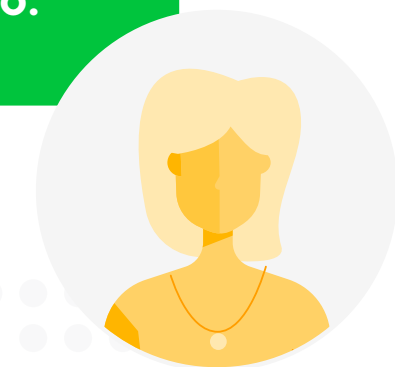
46% of suppliers see their large customers' commitment to sustainability as "important only on paper".



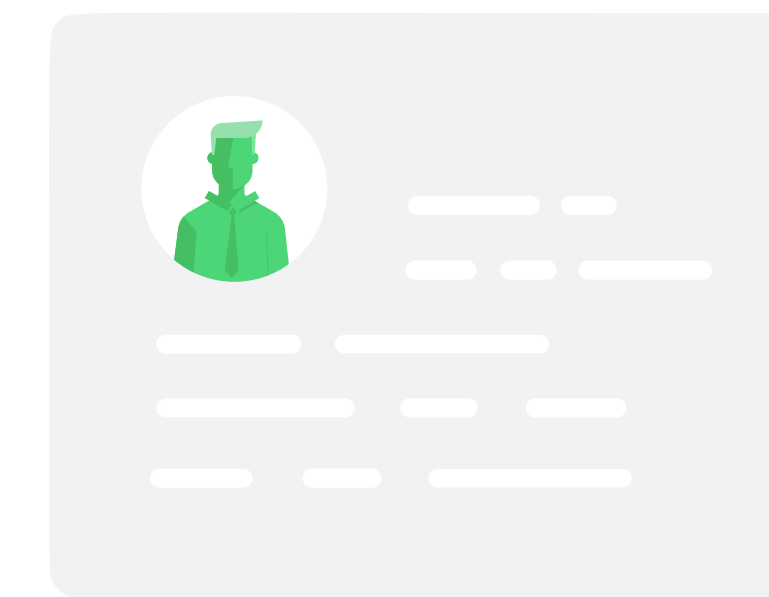
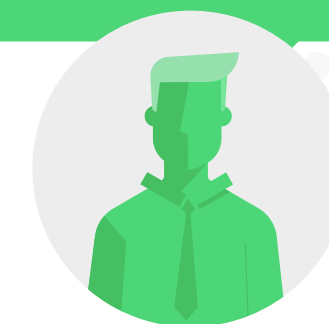
36% of respondents say that reducing costs is critically important, down from 56% in 2019.



63% of executive teams say it is very important for them to deliver on corporate sustainability goals – compared to just 25% two years ago.



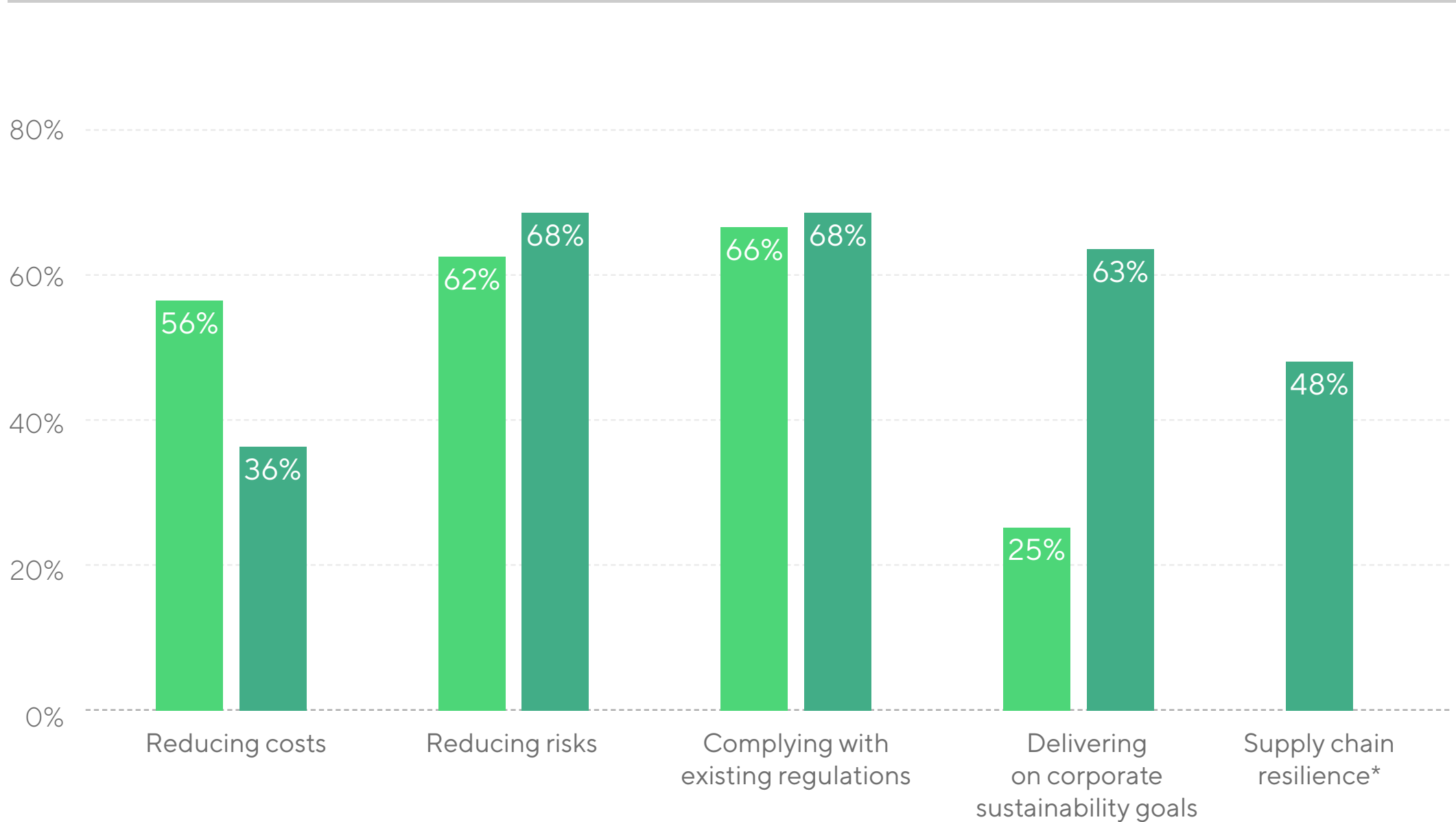
63% of respondents reported that their sustainable procurement initiatives have helped them build the supply chain resilience needed to endure the COVID-19 pandemic.



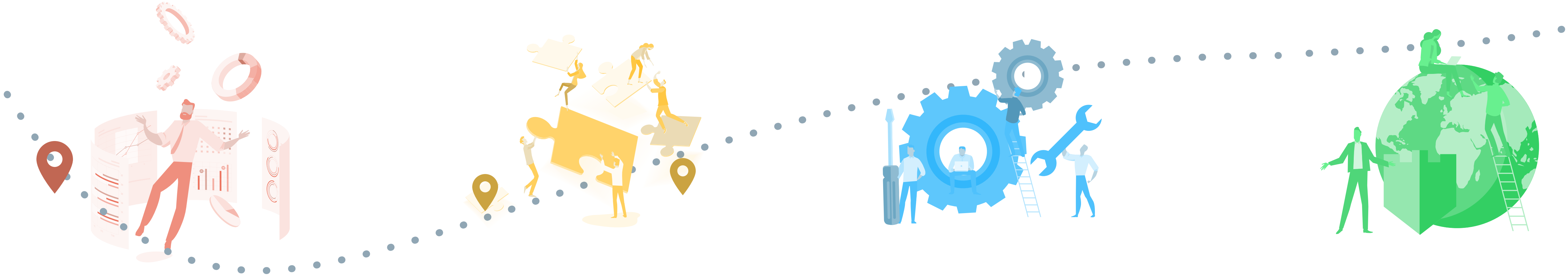
How Have the Priorities of Procurement Organizations Changed Over the Past Two Years?

A year on from the onset of global supply chain disruptions caused by the COVID-19 pandemic – and potentially the most challenging time supply chain professionals have experienced in decades – the increased focus placed on risk reduction is hardly surprising. However, what is notable is the reduction in the importance of reducing costs (a 20 percentage point decrease from 2019) and the growth in companies committed to delivering on their corporate sustainability goals (a 38 percentage point increase from 2019).

Main priorities of procurement organizations in 2019 vs. 2021



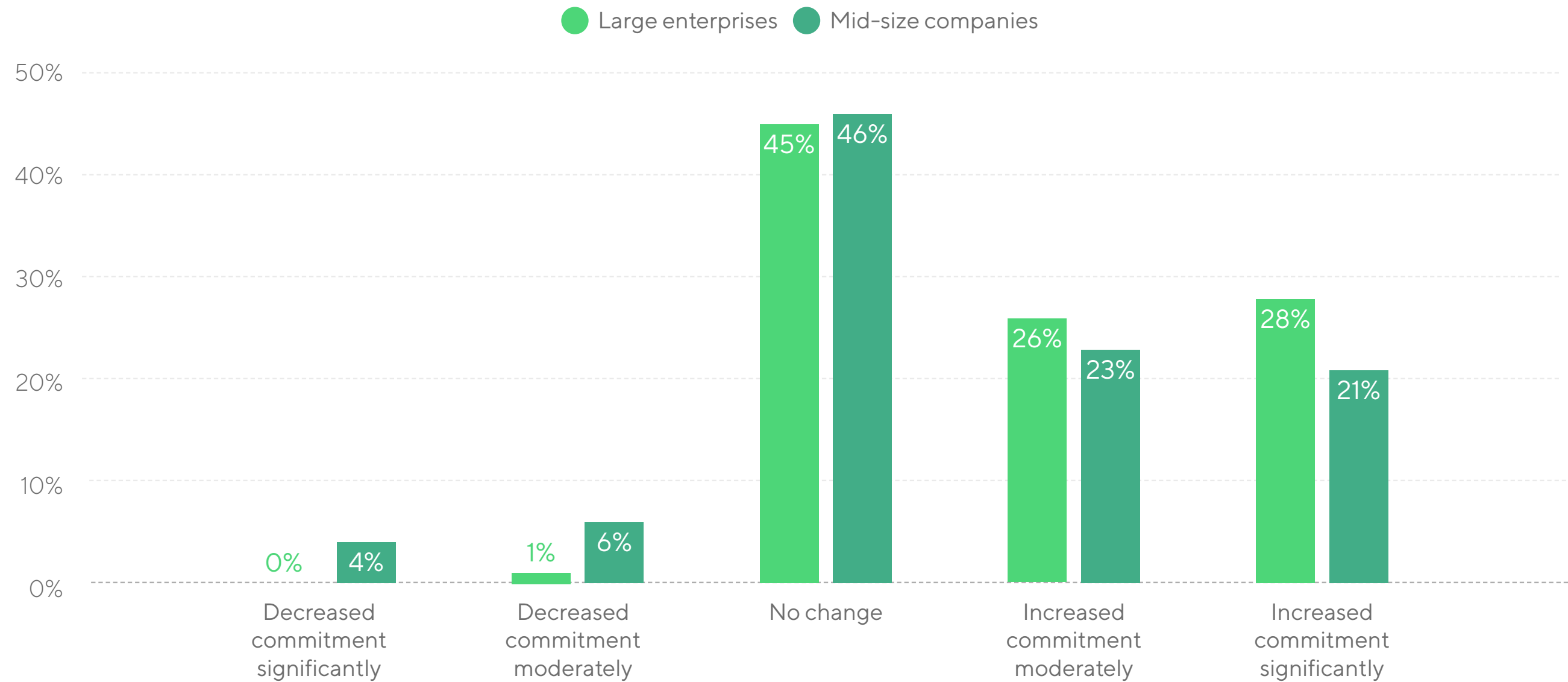
*This option was not included in the 2019 survey. This table compares the percentage of companies that listed each priority as "very important."



COVID-19's Impact on Sustainable Procurement Trends

Despite the challenges posed by the COVID-19 pandemic, very few companies have reduced their commitment to sustainable procurement initiatives and nearly half of respondents have actually increased their commitment. However, more companies have decided to postpone any expansion of their sustainable procurement programs as indicated by the higher percentage of "no change" responses we received compared to 2019.

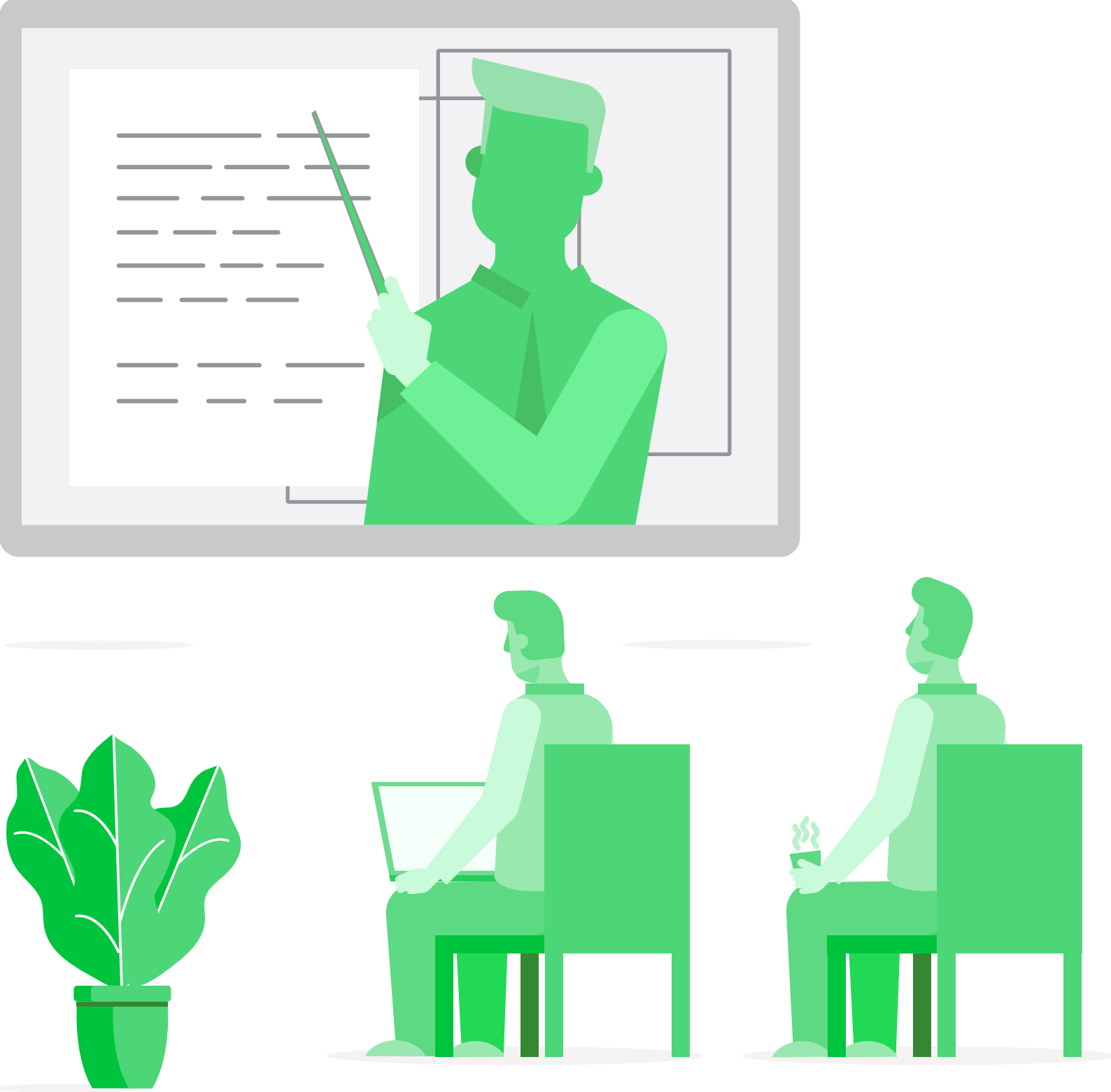
How has the COVID-19 pandemic impacted your organization's commitment to sustainable procurement?



Find out why mid-size companies represent the next frontier in sustainable procurement in our Barometer 2021 report.

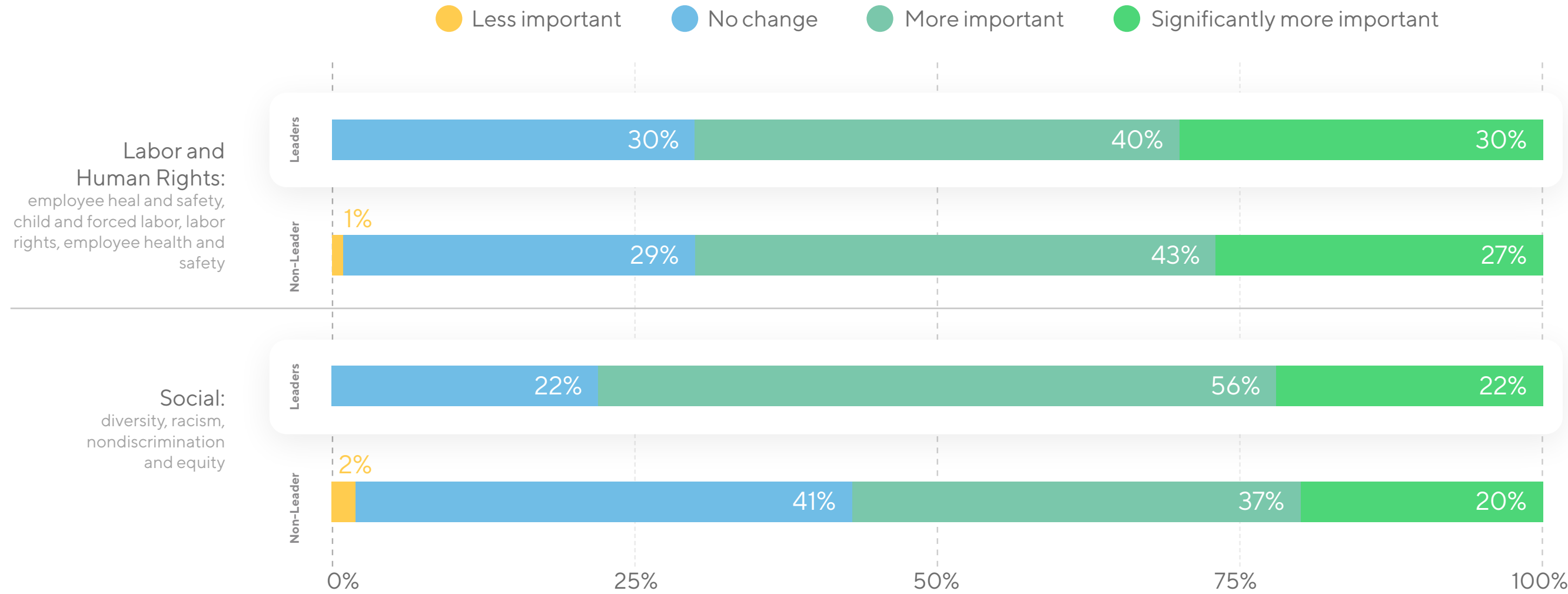
“The pandemic has upscaled sustainability and made it more important. It has really brought the significance of it to light, as well as the risks associated with unsustainable business practices. It’s presented a great opportunity for us to embrace it even more.”

Retail company



Labor and human rights concerns are increasingly top of mind, with 73% of respondents ranking them as “more important” or “significantly more important”. Social issues are also top of mind, especially among the “Sustainable Procurement Leaders” group, with 56% ranking this issue as “more important” in shaping their strategy for the next two to three years and a further 22% considering it “significantly more important”.

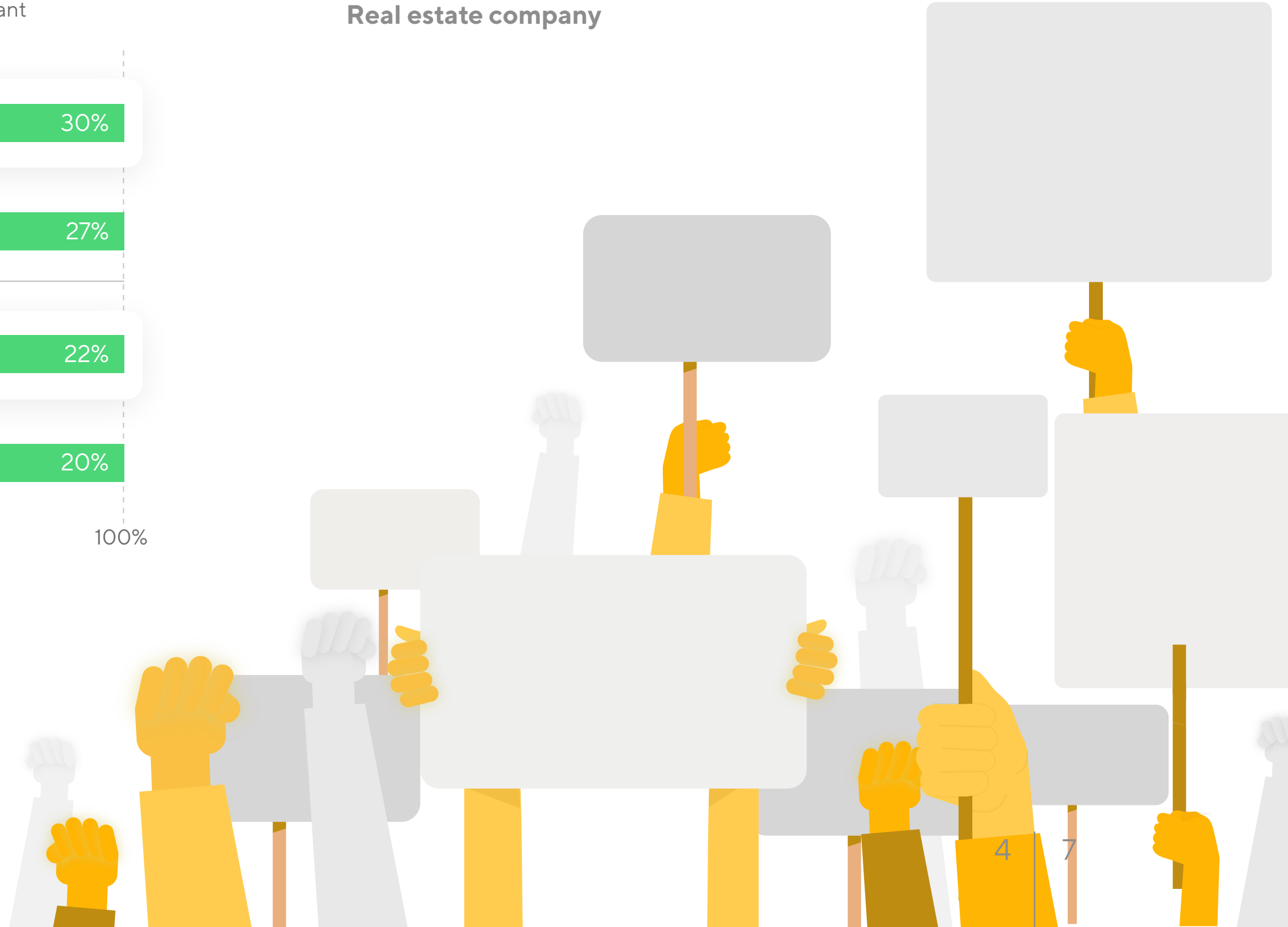
Sustainable Procurement Leaders: Have the following issues gained or lost significance in your procurement organization in shaping your strategy for the next two-three years?



Get more insights on who Sustainable Procurement Leaders vs. the rest of the respondents in the full report. [➤](#)

“Diversity has particularly come into focus –but that wasn’t because of the pandemic, that was more coming out of the US as a result of the George Floyd case. We’ve made a big commitment to diversity. And when it comes to modern slavery, we have our supplier code of conduct, but so far we’ve primarily focused on it in Australia and in the UK because of their legislation. However, we do want to globalize it.”

Real estate company



Key Takeaways From 2021

Sustainability Performance is Key to Supplier Selection

69% of respondents are taking sustainability performance into consideration when selecting new suppliers and renewing contracts – up from 51% in 2019.

Suppliers that Focus on Sustainability Receive More Support

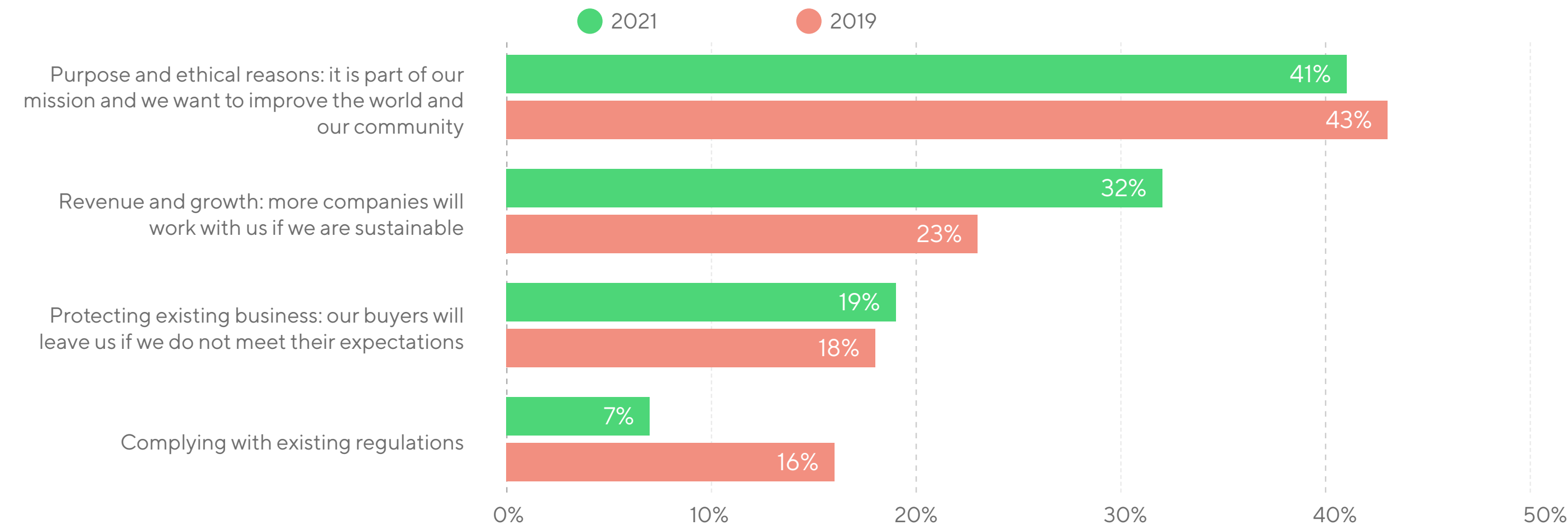
49% of respondents from buying companies indicated that sustainability criteria were “very important” or “important” for them in deciding how to support their suppliers during the COVID-19 crisis.

Greater Supply Chain Visibility is Critical

It appears that lack of visibility into suppliers’ performance and costs remains the biggest challenge in 2021: 39% ranked “inability to effectively and efficiently track supplier sustainability performance” as one of their top two concerns. This was followed by “lack of internal resources” and “concerns around cost” (34% and 33%, respectively).

Suppliers are Increasingly Recognizing that Engaging in Sustainability Can Lead to Significant Revenue and Growth Opportunities

What is your primary motivation for engaging in sustainability?



“It may be a wonderful new technology that the market will love, but it could become a liability to both ourselves and our customers if it doesn’t come from an ethical and certified supply chain.”

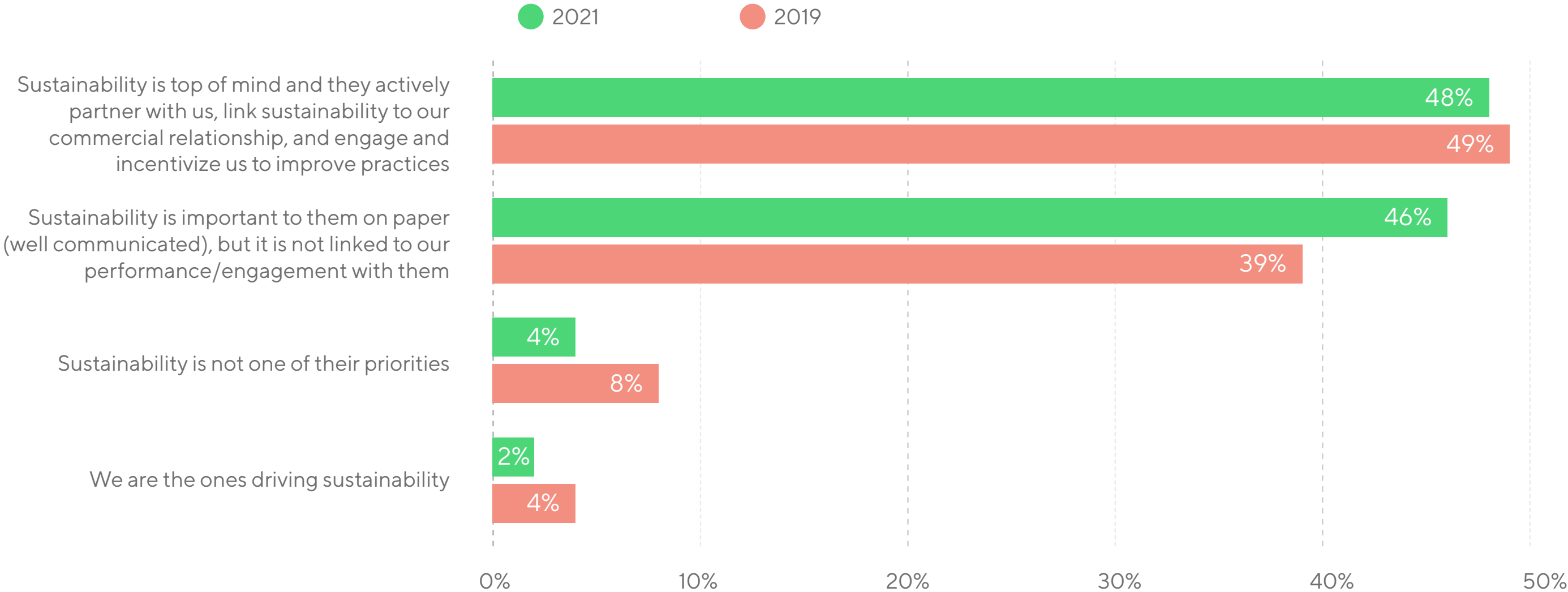
Medical device components manufacturer

Proactive Tools for Driving Sustainable Procurement Are Still Underutilized


While the most popular tools are supplier self assessment (52%), category/country risk evaluation models (41%), and supplier audit programs and corrective action plans (40%), the use of guidelines for buyers on best practices (24%) and supplier training programs (24%) would help prevent potential issues from arising in the first place.

A Significant Disconnect Remains Between Sustainability Goals and Implementation

Consider your largest customers (for example, organizations you supply that generate at least \$1 billion in revenue), on average, how would you categorize their commitment to building a sustainable supply chain?



Read our full Barometer 2021 report for more on how Sustainable Procurement helped companies weather the pandemic.



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About EcoVadis

EcoVadis is the world's most trusted provider of business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chains. Backed by a powerful technology platform and a global team of domain experts, EcoVadis' easy-to-use and actionable sustainability scorecards provide detailed insight into environmental, social and ethical risks across 200 purchasing categories and 160 countries. Industry leaders such as Johnson & Johnson, Verizon, L'Oréal, Subway, Nestlé, Salesforce, Michelin and BASF are among the more than 75,000 businesses on the EcoVadis network, all working with a single methodology to evaluate, collaborate and improve sustainability performance in order to protect their brands, foster transparency and innovation, and accelerate growth. Learn more on ecovadis.com, [Twitter](#) or [LinkedIn](#).

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About the Value Chain Innovation Initiative

The Value Chain Innovation Initiative brings together academics, industry leaders and practitioners to advance the theory and practice of global value chain innovation through research and knowledge dissemination. Housed within the Graduate School of Business at Stanford University, we seek to understand the economic and social impacts of the global dynamics and technologies that are reshaping businesses, industries and ecosystems across the value chain. Our research and professional workshops focus on addressing problems that are highly relevant to the greater global business community and cover a broad range of topics including global supply chain design in complex trade environments, responsible supply chains, technological innovations and their impact on value chains, and more. Learn more at gsb.stanford.edu/vcii.

Read the full Barometer 2021 report for more key trends, a closer look at mid-size companies and further insight into our Sustainable Procurement leaders group.

