



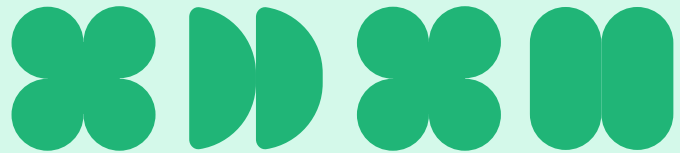
In collaboration with:



The Sustainable Procurement Report 2024

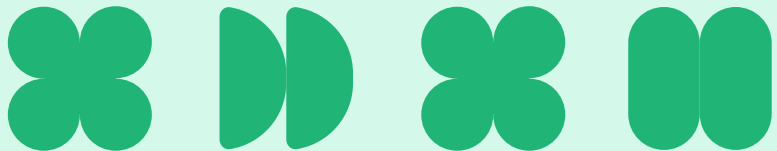
Procurement as a catalyst for change

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Introduction



The role of procurement is transforming.

Once seen as a function that's driven by cost, delivery, and efficiency, procurement is now being asked to tackle one of the most pressing challenges of our time: sustainability.

While cost management remains critical – especially when faced with cost pressure and inflation – procurement teams must now also integrate sustainability into their decision-making processes.

This shift isn't just a trend. It's being mandated by new legislation like the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and Norway's Transparency Act (Åpenhetsloven).

These regulations are set to transform the way companies operate, placing the supply chain at the heart of sustainability efforts.

Research shows that supply chains contribute to 60% of global emissions and 50-70% of a company's operating costs (EY Supply Chain Sustainability Report 2022). As procurement drives supply chain decisions, it holds the key to driving sustainability.

At the same time, workforce and consumer behavior are evolving. 71% of employees prefer to work for companies that are environmentally sustainable (IBM Institute for Business Value).

43% of global consumers want to buy from organizations that benefit society, even if their products cost more (EY Future Consumer Index).


Procurement is uniquely positioned to bring these elements together, making it a catalyst for meaningful change.


But this transformation isn't easy.


Many companies are still in the early stages of integrating sustainability into their procurement processes. Too often, procurement and sustainability teams operate in silos, preventing the cross-functional collaboration that's needed for success. It's a journey that requires new skills, new technologies, and new ways to collaborate.


Some are leading the charge, while others are still figuring out how to balance sustainability with traditional procurement objectives.

In this report, we explore the following and more:

-  **How companies are adapting to this shift**

-  **The challenges they face in balancing cost alongside sustainability**

-  **What actions they're taking**

-  **What the future holds for procurement and sustainability teams navigating this new landscape**

Together with EY, we've gathered insights to share the state of sustainable procurement, showing how procurement and sustainability can come together and evolve from a cost center to a powerful driver for sustainability.



Sigbjørn Nome, CEO at Ignite, highlights the importance of uniting perspectives to succeed with sustainable procurement:

"One of the biggest challenges with sustainable procurement is that efforts often get fragmented. Instead of letting procurement take the lead with a clear mandate, companies spread the responsibility across different teams, without the right expertise or tools, which results in siloed work. But real change happens when we bring all the perspectives — economic, environmental, and ethical — together. When procurement has the insights to see the full picture, it's easier to collaborate, there's clear accountability, and we can make sustainable decisions that drive long-term impact."



Thomas Haver, Partner and Nordic Head of EY Supply Chain & Operations at EY, emphasizes the need for a mindset shift within procurement:

"There's a growing need for a cultural shift, where sustainability isn't seen as a separate initiative but fully integrated into procurement strategies. The companies that manage to make sustainability a procurement priority will be better positioned to meet the increasing demands of both regulators, consumers, and its employees. It's about ensuring sustainability becomes a natural part of how procurement operates day to day, not just an add-on."

Navigating the transformation: The state of sustainable procurement

A transformation underway: Sustainability is reshaping procurement

Procurement is undergoing a transformation, where it's integrating sustainability alongside cost and efficiency.

This shift is driven by emerging legislation, like CSRD and CSDDD, which require companies to rethink their procurement strategies and operating models to ensure sustainability is part of their decision-making process.

An overwhelming 87% of companies report having made moderate to significant changes to their procurement process and operating models in the past 3 years.

Only 1% say they've made no changes at all, which shows companies are widely adopting changes to meet sustainability goals and comply with legislation.



87%

of companies have made moderate to significant changes to their procurement strategies and operating models to include sustainability.



Geir Vik, Procurement Director at Felleskjøpet, shares his insights on building sustainable procurement practices:

"The first and most crucial step is securing a clear mandate with strong backing for sustainable procurement within the procurement team. Following this, it's essential to dedicate resources within the team to take overall responsibility for this effort. In many cases, this will require both increased capacity and competence."

Striking the right balance between cost and sustainability

As many companies navigate inflation, cost pressures, and growth concerns, sustainability efforts are often overshadowed by the need to reduce costs.

In fact, nearly 80% of companies rank cost reductions as one of their top 3 priorities for procurement. For 43%, it's the single most important focus.

At the same time, legislation is driving an increased focus on compliance. While reporting is crucial, many companies are finding that delivering on long-term sustainability goals has taken a backseat.

53% of companies don't include delivering on sustainability goals in their top 3 priorities (out of 6 priorities), yet 61% place compliance with legislation as a top priority.

This suggests that sustainability is at risk of becoming more of a "checkbox exercise," where companies prioritize meeting legislative demands over taking proactive steps toward real improvement.

As legislation brings more complexity, companies are facing significant hurdles in navigating this transformation, and balancing compliance with broader strategic goals is becoming a key challenge.



43%

rank cost reduction as the top procurement priority, but sustainability goals are rising in importance.

Addressing hurdles to sustainable procurement

Top challenges: Expertise, financial constraints, and data hurdles

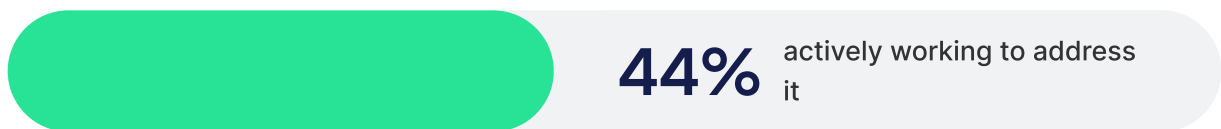
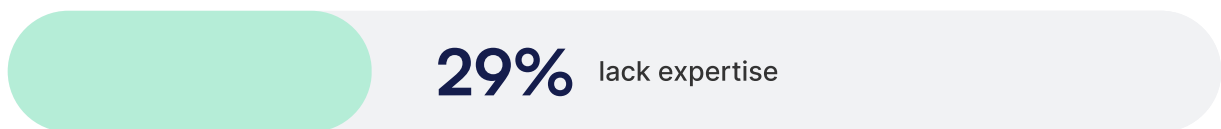
Despite the progress, companies face major internal challenges when implementing sustainable procurement.

29% of companies identify a lack of expertise in sustainable procurement as their biggest challenge. New legislation is pushing for change, but procurement and sustainability teams are still speaking different languages.

Financial constraints and insufficient technology or data also rank high on the list of barriers.

However, 44% of companies are actively or fully addressing these challenges. This signals they're actively working to close these gaps, investing in training, better data, and new technology.

29% identify lack of expertise as their biggest challenge in sustainable procurement, with 44% actively working to address it



Siloed teams are hindering progress

Collaboration between procurement and sustainability teams is crucial to align goals. But too often, these teams work in silos. For companies to fully integrate sustainability into procurement, cross-functional collaboration is key.

While 51% of companies established cross-functional teams and projects, and 61% set shared sustainability metrics and goals, many still struggle with collaboration.

Only 25% of companies have prioritized strengthening cross collaboration for sustainable procurement in the next 2-3 years.

This is a key area of improvement, especially since companies have indicated that work towards integrating sustainability into procurement decisions is a top priority in the next years.



25%

of companies have prioritized strengthening internal cross collaboration for sustainable procurement in the next 2-3 years



Ingrid Håvik, the Sustainable Sourcing Manager at Strawberry, emphasizes the importance of collaboration for success in sustainable procurement:

"Aligning on shared goals and leveraging each other's expertise is essential for deepening discussions and driving sustainability. To succeed, companies should first adopt a holistic approach that encompasses all ESG factors. From there, they can prioritize the most critical areas and create targeted action plans accordingly. For example, we incorporated sustainability into our supplier screening and selection process during a food and beverage tender, dedicating one-hour meetings with suppliers to focus specifically on material sustainability topics."

Collaboration and progress in sustainable procurement

Supplier collaboration is the key to success

Collaboration with suppliers is critical for success with sustainable procurement.

Research shows that a significant portion of a company's environmental footprint – around 60-80% of global emissions – originates not within their own operations, but throughout the supply chain.

The impact extends beyond emissions, as there are also potential risks such as human rights violations and unfair labor practices which can occur in supply chains.

Companies can't achieve their sustainability goals alone. By working closely with their suppliers, companies can use their influence to drive change across the entire supply chain.

Many companies are starting to adopt various strategies to encourage suppliers to implement more sustainable practices.

Most commonly, 84% of companies have set sustainability requirements in contracts, 70% established and incorporated a supplier code of conduct, and 60% conducted audits and assessments.

However, only 4% offer incentives and just 13% provide training and workshops, which leaves room for greater supplier engagement through rewards and education.



84%

of companies incorporate sustainability requirements in contracts to encourage suppliers to adopt more sustainable practices



Ragnar Furu, Vice President of Procurement at AF Gruppen, shares how collaboration has driven real change for them:

“At AF Gruppen, we've found that engaging suppliers in sustainability initiatives is most effective when we work together to find solutions that are both sustainable and profitable. For example, through close collaboration with a ready-mix concrete supplier, we developed a way to reuse materials that would otherwise end up in landfills. This partnership has allowed us to create a new low-carbon concrete recipe, addressing both financial and environmental challenges. By working closely with our suppliers, we're able to drive change that benefits both parties and contributes to our overall sustainability goals.”

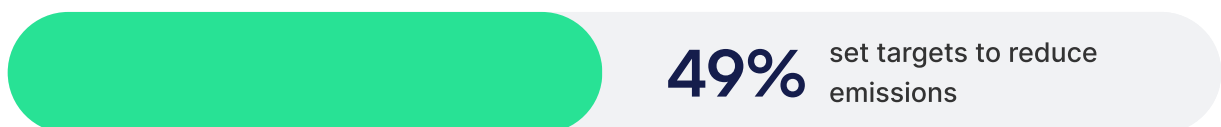
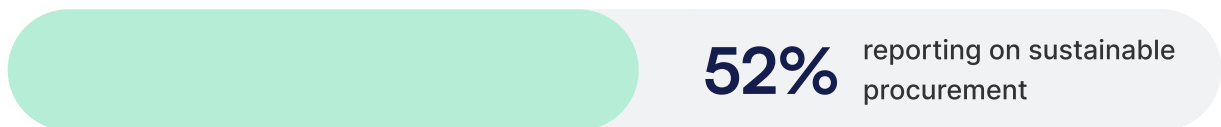
Starting the path toward sustainable procurement

Many companies have made progress in their sustainable procurement journey, but the path is still evolving. While 75% have implemented a sustainability policy, just 49% have set targets to reduce supply chain emissions.

But there are signs of progress, with 52% of companies already reporting on sustainable procurement practices, and 29% actively working to reduce supply chain emissions. These early efforts are essential steps toward achieving long-term sustainability.

This journey towards sustainable procurement isn't linear. It requires iterative steps, and companies typically begin by setting policies, then gradually move toward concrete actions like emissions reduction. As companies evolve, their approach to sustainability will mature.

52% of companies are reporting on sustainable procurement practices, and 49% have set targets to reduce supply chain emissions.





Olav Bye, Head of Group Procurement & Invoicing at KLP, offers his advice for companies starting their sustainable procurement journey:

"Begin by using established principles and guidelines to shape your sustainability policies and impact assessments. Focus on a few key risks and opportunities that are most relevant to your business and production. As your ambitions grow, set attainable goals for both decision-makers and teams, and make sure you have the right tools in place to make achieving those goals easier. Documenting your progress and results is also essential to maintaining transparency and setting yourself up for long-term success."

Rising to the challenge: Why procurement needs to lead in the next 2-3 years

The next 2-3 years represent an inflection point for companies as they refine their sustainable procurement practices. This period will likely determine whether companies can effectively integrate sustainability into their core operations or fall behind when faced with increasing legislation and shifting market demands.

A key area of focus is enhancing data collection and reporting, with 52% of companies identifying this as a priority. Accurate data forms the foundation for compliance and informed decision-making, positioning companies to meet their sustainability targets.

For 48% of companies, reducing emissions in their supply chains is a top focus, while another 49% are planning to further integrate sustainability into procurement decisions. These early leaders are making sustainability a core part of their procurement strategy, ensuring that every decision aligns with broader sustainability goals.

By recognizing the significant environmental impact driven by suppliers, these companies are taking proactive steps to set the standard for others.

As early movers lead the way, it's expected that others will follow, driven by the pressure to comply with legislation and remain competitive.



52%

of companies prioritize enhancing data collection and reporting to drive sustainable procurement efforts



Karl Birkely, Sourcing Manager at Recover, emphasizes the pivotal role of procurement in driving sustainability over the next 2-3 years:

“Procurement will be crucial in shaping sustainable practices. The key priorities we foresee are strengthening supplier collaboration to co-create eco-friendly solutions, prioritizing sustainable sourcing from certified suppliers, and increasing transparency and traceability across supply chains. Embracing circular economy practices will also be essential, focusing on reusing and recycling materials.

Additionally, engaging both internal and external stakeholders will be vital to align procurement strategies with broader sustainability goals. Finally, leveraging technology and data analytics to help optimize procurement processes, ensuring our decisions align with sustainability goals. By focusing on these priorities, procurement can lead the way in overcoming sustainability challenges and significantly contribute to a more sustainable future.”

The hidden power of procurement

Procurement's untapped potential

Procurement has the power to drive both cost savings and sustainability, but this potential is often overlooked by companies. While many procurement teams are aware of the opportunities, they're frequently held back by lack of organizational support.

In fact, 65% of respondents agree or strongly agree that the importance of procurement in driving cost savings is underestimated.

And it's not just about cost – 79% also agree or strongly agree that the potential to drive the sustainability agenda through procurement is also underestimated.

Despite this recognition, many companies fail to prioritize procurement as a strategic player in sustainability efforts. As mentioned earlier, 53% of companies don't include delivering on sustainability goals in their top 3 priorities (out of 6 priorities), while 61% place compliance with legislation as a top priority.

Instead of integrating sustainability into their core operations, companies are treating it as a lower priority. Or worse, a "checkbox exercise" to meet legislative demands.

For procurement to truly act as a driver of sustainability, companies must empower their teams with the support and resources to unlock their full potential.

Companies that fully leverage procurement's capabilities will not only balance cost with sustainability, but also position themselves as leaders in delivering long-term value. The opportunity is there – companies just need to provide the support.



79%

agree or strongly agree that the potential to drive the sustainability agenda is often underestimated



Geir Svarttjønnli, Procurement Director at Skanska, highlights the untapped potential of procurement in balancing cost and sustainability:

"To unlock procurement's full potential, companies need to prioritize both cost and sustainability in their supplier evaluations. These two elements should be embedded into category strategies, guiding target setting and supplier assessments. Whether driven by market competition or close collaboration with suppliers, progress happens when buyers focus on both cost and sustainability."

Bridging the gap between cost and sustainability

The companies that successfully bridge the gap between traditional cost-driven procurement and the new demands for sustainability will position themselves as industry leaders.

With legislation tightening and stakeholder expectations rising, companies need to fully integrate sustainability into their procurement strategies — not as a separate initiative but as a core function.

Bridging this gap will require more than just legislation. It'll demand a cultural shift, cross-functional collaboration, and the right technology to measure progress. For those who take these steps, they'll experience long-term success, from reduced risks to stronger supplier relationships and improved brand reputation.

Methodology

This report is based on data collected from 122 respondents from companies across Norway, Sweden, and Denmark. Participants included professionals from key departments such as procurement, supply chain, sustainability, and finance.

The survey targeted decision-makers and leaders in these fields to gather insights on how organizations are integrating sustainability into their procurement practices, the challenges they face, and the progress they are making.

The findings provide a snapshot of the current state of sustainable procurement in Scandinavia and the actions companies are taking.

About Ignite

Ignite is the leading sustainable procurement platform that centralizes all your procurement data, giving you better control over suppliers and spend. With a unified view of costs, emissions, and risks, Ignite helps procurement and sustainability teams collaborate, uncover insights, and take action. Trusted by industry leaders like Veidekke, Hurtigruten, and Strawberry, Ignite empowers companies to transform their procurement practices for a more sustainable future. For more information, visit ignite.no.

About EY

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