

Every Job is a Nature Job

Enhancing Procurement With Nature

June 2024

Procurement and nature are inherently linked

Procurement is the backbone of many business operations. It holds the power to influence both the short-term and long-term success of a company. It can also shape the behaviour of a company's suppliers in profound ways.

The supply of goods and services depends on a healthy and functioning natural world. Despite this, procurement practices have a long history of prioritizing timely delivery and profit maximization. But the increasing evidence of business risks from nature loss can no longer be overlooked.

Nature is facing significant decline by almost every available measure. Many species are going extinct. The ecosystems on which we depend for benefits are being degraded. Most businesses take for granted the services provided by nature, like the regulation of fresh water quantity and quality, pest management and erosion control, even though they are under threat.

Nature loss is disrupting supply chains by reducing the availability of many products that are derived from natural environments¹. It is driving up costs as supplies run short. It is significantly decreasing people's well-being at sourcing locations and beyond. It is driving governments to create new nature-protective regulations that can present risks to existing business operations. It is driving financial institutions to require disclosures on nature-related risks across supply chains. These disclosure requirements are now appearing in various standards and frameworks² and finding their way into regulations and inter-governmental agreements, such as the Global Biodiversity Framework's Target 15.

¹ A more detailed review of nature-related risks and their implications is available in World Economic Forum's [Nature Risk Rising](#) report.

² A detailed overview of these standards and frameworks is available in the [Accountability for Nature](#) report.

Unleashing new business opportunities

Urgent action is required to reverse the loss and degradation of nature and respond to these risks. By recognizing nature-related risks and opportunities, businesses can begin to structure their procurement models and practices in a way that builds resilience to future shocks and harnesses new partnerships and business opportunities that safeguard supply chains for the years to come.

Establishing environmentally-sound procurement practices involves being aware of the options available and integrating environmental considerations into decisions. Most importantly, the practical steps involved are straightforward. They include firstly understanding and screening for sustainability in the supply chain, and then selecting the right suppliers, including environmental criteria in procurement contracts, and monitoring the environmental impact of suppliers while working with them to improve how they manage nature.

Incorporating actions like these into everyday procurement processes will reduce nature-related risks, improve regulatory compliance and grant a competitive edge in markets that are increasingly viewed from an environmentally conscious lens. They will also have a positive transformative effect on the planet that benefits both this and future generations. A human-rights based approach is key to ensure that the benefits of a healthier planet are more equitably distributed, reaching workers and local communities across business value chains.

This document is specifically designed to help procurement professionals identify tangible actions they can take to improve nature-considerations in procurement practices and future-proof the businesses that they are working for. It is part of a series of materials developed by UNEP-WCMC supporting the integration of nature considerations across a range of business functions.

STEP 1

THINK ABOUT YOUR SUPPLIERS

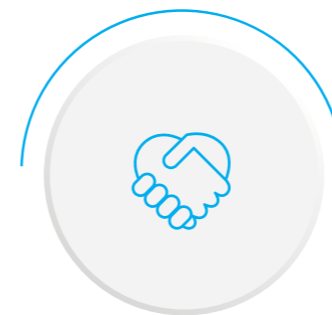


Develop procurement policies on nature and screen for risks in your supply chain. Identify suppliers that demonstrate clear performance on your nature-related goals. You may focus on either the nature-performance of the procured item or the entire organization you are partnering with.



STEP 2

ENGAGE AND NEGOTIATE



Increase transparency of your business partners and drive ambition in their behavior. Do this by including environmental and nature-specific criteria in the specifications of new contracts, by providing incentives for nature-related performance, and by enhancing partnerships.



STEP 3

TRACK ENVIRONMENTAL IMPACT THROUGH KPIS



Keep track of the progress of your suppliers. An evidenced-based and impact-focused perspective is the best approach to ensure that your nature-related goals are achieved. If your suppliers do not yet meet your criteria, work together to continuously improve and achieve previously defined targets.



GETTING STARTED

- **Conduct a high-level screening exercise** to identify high-risk locations, commodities and activities³.
- **Collect information on priority suppliers** covering sourcing locations, nature commitments, and their certified commodities.
- **Develop a procurement policy** to guide your procurement process while considering your nature targets and priorities, highlighting how they can help on that journey.
- **Select suppliers who have:**
 1. **Clear commitments on nature that address impacts and that go beyond regulatory compliance.**
 2. **Certified environmental management processes**⁴.
 3. **Certified commodities**⁵ (when certification is available).

- **Translate nature-related priorities into the supplier contract** process by working together with other departments in your company.
- **Challenge your suppliers for proposals** to improve sustainability and environmental performance in their own operations and supply chains. Listen to their ideas and support supplier-led initiatives.
- **Raise the ambition of priority suppliers** with high exposure to nature-risk who you have the most influence on. For example, through requirements defined in contracts and considering the support needed by them to meet these ambitions.
- **Understand requirements of other clients of your suppliers** and work with them to align around ambitious standards.

- **Ensure alignment of KPIs with your company's nature strategy** so it can support you in tracking the compliance of your suppliers with your internal guidelines.
- **Establish KPIs and monitoring mechanisms** for following the improvements of nature-engagement across your suppliers and the impact of products purchased.
- **Measure the improved performance** of your suppliers using the collected monitoring data.
- **Provide your suppliers with personalized recommendations**, based on their performance, on which nature-related risks should be prioritized.

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- **Gather more granular information on the location-specific impacts and dependencies** of high risk supply chains and the materiality of your suppliers' activities to feed into your monitoring process.
- **Screen all purchase orders to identify risks** associated with specific purchases retrospectively.
- **Implement due diligence process with an agreed approach for non-compliance** to identify the best way to work together with companies who do not yet meet your criteria to improve their relationship with nature.
- **Select suppliers proven to go beyond regulatory requirements** on impacts by making science-based commitments to operate in safe limits regarding their pollution, land and resource use, and waste production.
- **Consider alternative production technologies and operations**, together with your R&D department, to reduce dependence on water and energy and use of high impact materials inputs.

- **Consider links, risks, and synergies** between the nature-related priorities in your contractual requirements and your climate and social policies.
- **Establish multistakeholder partnerships** to address key nature-related issues across supply chains.
- **Create financial incentives for nature** across your suppliers via transparent and reliable reward programs that benefit producers, with strong consideration of small-holders and small-scale businesses.
- **Include requirements in the contract on specific indicators and monitoring processes** that can help measure progress towards achieving outcomes and strategic objectives.
- **Define the support mechanisms in the contract** through which your company should help suppliers in achieving their targets.

- **Share the methodology for evaluating your suppliers** with the public and how rankings influence your decision making.
- **Design a more detailed improvement process** with your suppliers and describe how they can increase performance to ensure that they are not left behind.
- **Communicate clearly about nature-related issues** found in your value chains and how they were solved.
- **Regularly audit supplier performance** against your contractual requirements and procurement standards.

³You can use [ENCORE](#) and SBTN's [Materiality Screening Tool](#) or [High Impact Commodity List](#).

⁴Examples include [ISO14001](#) or [EMAS](#).

⁵Examples include [RSPO](#) for palm oil, [FSC](#) for timber and paper products, and [ResponsibleSteel](#) for steel.

Overarching Actions Enabling Performance Improvement

It is important to ensure that you have resources, processes and conditions in place that allow you to work towards your nature-related goals. This section lists enabling actions that are not necessarily part of the standardized procurement process but can be pivotal in creating the right environment for you to deliver impact.

Coordinating with your sustainability team can help to develop new internal systems and policies as they can provide guidance and support on reviewing existing strategies, building internal capacity, and reflecting on alternative ways to fulfill business needs. You can implement the following actions in collaboration with the sustainability team.

G E T T I N G S T A R T E D	<ul style="list-style-type: none"> <input type="checkbox"/> Based on your company's nature strategy, develop a procurement strategy which incorporates the purpose, priorities and level of ambition. <input type="checkbox"/> Regularly re-evaluate your procurement strategy in the light of changing ambitions and policies of your company and its stakeholder environment. <input type="checkbox"/> Ensure that nature is a priority consideration in your procurement team during supplier engagement. You could achieve this by allowing or planning-in time for considering environmental aspects during standard processes. <input type="checkbox"/> Include nature-related requirements in prescribed specifications by working together with the team responsible for procurement requests. <input type="checkbox"/> Look for opportunities to shorten your supply chains to increase your level of control over sourcing and production practices, improve traceability and the ability to manage impacts, and to potentially reduce your transportation related GHG emissions. <input type="checkbox"/> Adopt more circular economy models and finding ways to reuse, recycle, or resell materials. <input type="checkbox"/> Join trainings and courses on nature and biodiversity to upskill yourself while encouraging others in your company to also increase their knowledge and build capacity.
A D V A N C E D	<ul style="list-style-type: none"> <input type="checkbox"/> Develop sector and region-specific actions within your procurement strategy to support tailored approaches to suppliers. This could include language considerations, regional requirements, and sector-specific issues. <input type="checkbox"/> Promote exchange of best practices and data with other organizations through conferences and openly accessible publications. <input type="checkbox"/> Support the inclusion of financial incentives for delivering results for nature in the compensation package of your senior management as evidenced by your monitoring system. <input type="checkbox"/> Engage with landscape or commodity level initiatives and work collaboratively with other companies and the public sector to tackle issues in a pre-competitive space.

About UNEP-WCMC and the Proteus Partnership

The UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) is a global centre of excellence on biodiversity and nature's contribution to society and the economy. The Proteus Partnership is a unique collaboration that provides companies with the biodiversity information needed for better informed decisions, and supports the development, improvement and dissemination of global biodiversity data and information. Proteus supports companies to recognize their responsibilities for nature in the context of global momentum to address the biodiversity crisis.

This brief was developed through interviews with Proteus Partners and other multinational businesses and draws on the expertise of UNEP-WCMC experts in applying biodiversity knowledge in the context of a wide range of sectors.