



# Unlocking Sustainable Success in Procurement

A JAGGAER White Paper



## Introduction

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There is more to Environmental, Social, and Governance (ESG) than polishing your organization's reputation and brand image. ESG strategies have become one of the most important components of responsible business practices in an increasingly complex business landscape. ESG factors play a crucial role in overseeing business and consumer ecosystems throughout the extensive procurement journey, spanning from source to pay (S2P). As a result of integrating ESG strategies and activities within the management of their supply chains, companies not only mitigate risks, avoiding regulatory penalties and supply chain disruptions, but they also gain knowledge and insight, which provides them with the capacity to make better decisions, ensuring continuity and stability throughout their supply chains.

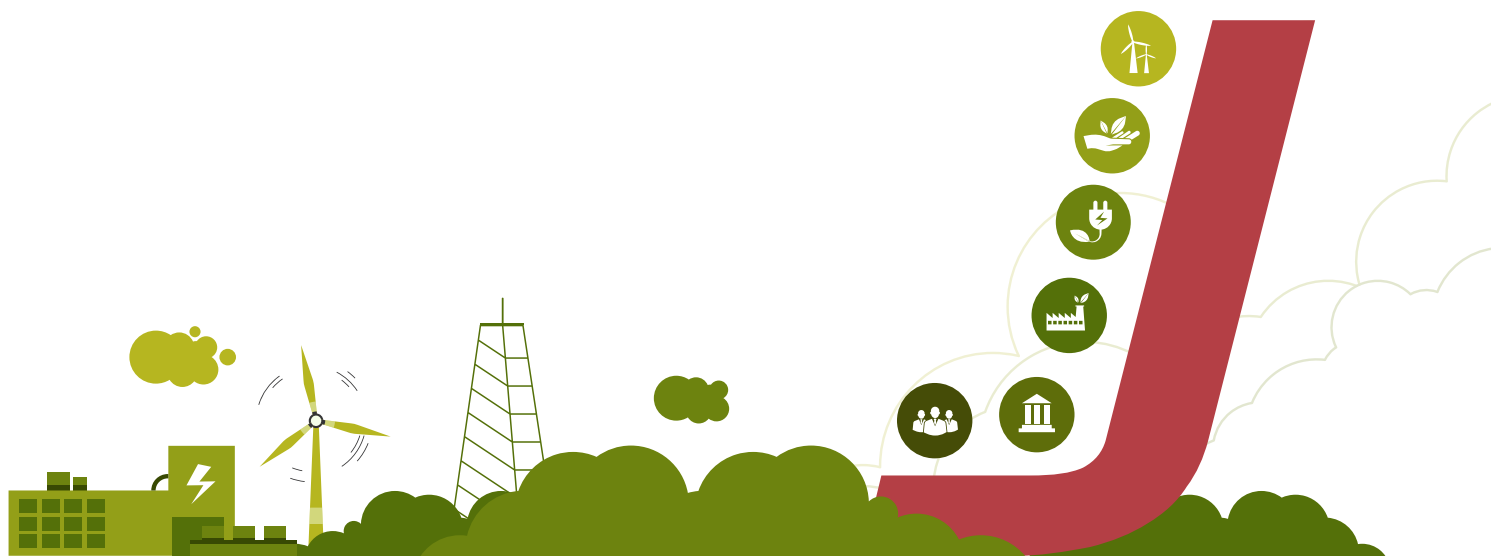
In this white paper, we explore the main ESG goals and challenges faced by organizations. We demonstrate how JAGGAER's suite of solutions can help companies overcome these challenges through innovative technology and seamless integration with industry partners specializing in key areas impacting ESG. Businesses can achieve long-term success by adopting JAGGAER solutions that will give them a competitive edge, allowing them to embrace sustainable practices that help to preserve the environment and meet the needs and social priorities of today's business and consumer markets.





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# Why ESG Matters: Navigating Compliance, Performance, and Innovation for Business Success

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## Reputation and Stakeholder Expectations

Sustainability, social responsibility, and ethical business practices have become increasingly important for an organization's stakeholders, including customers, investors, employees, and regulators, who place far greater emphasis on these than was the case just a few years ago. In order to uphold a favorable reputation and fulfill the expectations of stakeholders, companies must showcase their dedication to sustainability and adeptly navigate their environmental, social, and governance (ESG) risks.

## Compliance and Legal Requirements

Regulations and reporting requirements related to ESG factors have been or are being implemented in most jurisdictions and many industries. Companies must gather relevant ESG data to comply with these regulations and mitigate the legal risks that can result from non-compliance.

## Financial Performance and Investor Relations

ESG factors have a significant impact on a company's financial performance and access to capital. Developing strong ESG performance is an effective way to attract more investment, reduce capital costs, and improve investor relations.

## Operational Efficiency and Risk Mitigation

A better understanding and management of ESG risks within the value chain results in improved operational efficiency and cost savings. In addition to reducing resource consumption and waste generation, sustainable practices also reduce the associated costs: a benefit for the environment and simultaneously for the bottom line. Effective risk management can identify and mitigate ESG risks, ensuring that business operations are not disrupted, or performance adversely affected.

## Innovation and Competitive Advantage

Business strategies that incorporate ESG considerations foster innovation and provide a competitive advantage. The most innovative companies identify new market opportunities, develop revolutionary products, attract talent, and distinguish themselves from the competition by proactively addressing ESG challenges, turning them into opportunities.

## Leveraging ESG and Risk Management Data in Product Development

Organizations can make informed product development decisions by incorporating ESG and risk management data from the ideation phase, which enables them to identify feasibility early on and minimizes potential disruptions in the later stages of development. Advanced supply chains are subject to constant geopolitical, economic, and environmental fluctuations, which require ESG and risk management information to ensure quality, rigor, and compliance.

## Long-Term Sustainability

Incorporating ESG and risk management data enables organizations to pursue social, economic and environmental sustainability for the long term. The assessment of the potential impacts of their operations enables them to seek improvements and establish sustainable practices aligned with their long-term goals.



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## ESG Goals in the S2P Spectrum

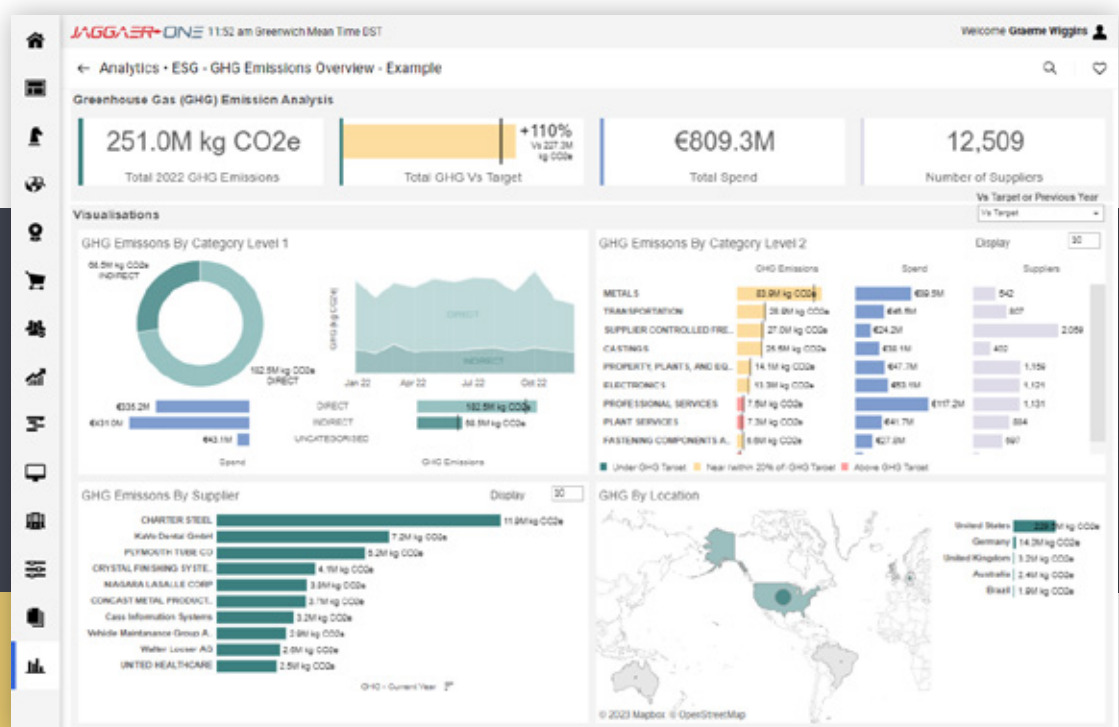
### Goal: Comprehensive ESG Data Integration

Incorporating ESG and risk management data enables organizations to pursue social, economic and environmental sustainability for the long term. The assessment of the potential impacts of their operations enables them to seek improvements and establish sustainable practices aligned with their long-term goals.

### JAGGAER Solution: End-to-End Data Flow

With JAGGAER's suite of solutions, you can integrate ESG data across all departments and touch points in the S2P Spectrum, eliminating information silos. JAGGAER's Supplier Management, Sourcing, Contracts, eProcurement, Invoicing, Payments, and Analytics solutions use the same common pool

of ESG and risk management data, from upstream to downstream. This holistic approach ensures that ESG considerations influence decision-making at every step, driving sustainable outcomes and maximizing the return on ESG investments through increased efficiency.



## Goal: Centralized ESG & Risk Management Solution

### Challenge: Monitoring and Managing ESG KPIs Effectively

One of the primary ESG goals is to implement a central ESG and risk management solution that allows organizations to identify and manage all relevant Key Performance Indicators (KPIs). A lack of systematic collection and analysis of the various types of ESG data, derived from various feeds and sources, leads to inefficiencies and incomplete assessments.



### JAGGAER Solution: Supplier Management

JAGGAER's Supplier Management Solution addresses this challenge by offering a centralized platform for monitoring and managing ESG and risk-related data. Businesses can gain comprehensive insights into supplier performance and sustainability practices through third-party technology partners such as Tealbook, EcoVadis, and D&B, who offer powerful

assessment criteria and AI-powered tools. JAGGAER Supplier Management, in conjunction with these partners, can help customers gain a deeper understanding of their suppliers. This unified approach empowers organizations to make data-driven decisions, effectively aligning their sourcing and procurement strategies with their ESG objectives.



## Goal: Cross-Departmental Collaboration

### Challenge: Ensuring ESG Information Availability across Departments

Companies can derive significant benefits from ESG and risk management information, extending beyond the procurement department. Collaborating with engineering, R&D, supply chain, sustainability, and services departments is essential to achieving holistic sustainability goals. However, fragmented data and a lack of cross-departmental communication hinder comprehensive decision-making.



### JAGGAER Solution: Data Integration and Collaboration

By integrating data and facilitating collaboration, JAGGAER's Supplier Management solution can eliminate departmental silos. The integration of information across departments can help businesses ensure that they consider every element of ESG and

risk management when making critical decisions. It facilitates collaboration across the organization through comprehensive access to data, ensuring alignment with shared sustainability goals.



# Navigating ESG Procurement: Challenges and Transformative Solutions

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## Challenge: Procurement Transformation for ESG

Procurement's priorities have expanded beyond cost, quality, and speed to include innovation, sustainability, risk management, and alignment with social values. In order to deliver in these areas, businesses must have mechanisms in place that allow them to align their procurement activities with established ESG targets and monitor compliance.

Partners involved:

Beroe & The Smart Cube

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Regulations supported:

Conflict Minerals/Cobalt & Mica, Responsible Minerals Initiative,  
Supply Chain Due Diligence Act, EU Emissions Trading Scheme (CO<sub>2</sub> tax)

## JAGGAER Solution: Integrating ESG Criteria into Category Strategy

JAGGAER's Category Management solution not only empowers procurement teams to incorporate ESG and risk management measures that can be tracked within their category strategy KPIs but also enables businesses to use supplier management information as inputs to sustainable strategies. By discovering new suppliers and reviewing sustainability and compliance criteria

through third-party technology partners such as Beroe and The Smart Cube, businesses can confidently include sustainable and socially responsible suppliers in their supplier portfolios. Furthermore, this integration allows monitoring of all suppliers and actions linked to category strategies, ensuring effective handling of challenges and driving positive ESG outcomes while achieving procurement objectives.

## Challenge: Harnessing ESG Performance from Suppliers

ESG-compliant suppliers offer operational efficiency and competitive advantages. In order to cultivate powerful supplier assessments, businesses need a solution that streamlines ESG and risk management information.



### Partners involved:

EcoVadis, D&B, Prewave, Sphera, Moody's (Bureau van Dijk) and Descartes (Visual Compliance)

### Regulations supported:

Supply Chain Due Diligence Act, EU REACH & RoHS, Sanctions list check

## JAGGAER Solution: Supplier 360° View

JAGGAER's Supplier Management solution offers comprehensive and centralized supplier assessment and performance monitoring, providing business leaders with the tools they need to assess suppliers' ESG and compliance practices, regulatory adherence, and environmental impact. Leveraging AI-powered capabilities from trusted third-party partners such as EcoVadis, D&B, and Prewave, our

solution enables real-time event and news information to be seamlessly integrated, empowering businesses with timely insights to make informed decisions. With access to this critical data, organizations can develop effective action plans, promote diversity within their supply chains, and proactively mitigate potential risks associated with suppliers.

## Challenge: Achieving Carbon-Neutral Transportation Solutions

In the transportation space, carbon emissions have emerged as a significant concern, and companies aim for carbon-neutral solutions.



Regulations Supported:  
The European Green Deal, NY's CLCPA

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## JAGGAER Solution: Sustainability-Driven Sourcing

The JAGGAER Direct Sourcing platform provides businesses with the ability to collect and analyze carbon impact data from lanes and carriers while carrying out sourcing events. This enables them to reduce their carbon footprint by procuring from suppliers prioritizing sustainability and factoring in carbon impact directly into scenario optimization. By deploying JAGGAER Direct Sourcing in conjunction with JAGGAER Supplier Management they ensure sustainable supplier selection

from the outset, with additional information available through supplier assessments that help segment, qualify and associate risk levels for all suppliers, enhancing the overall selection process. JAGGAER Analytics provides further visibility into what's happening across your supply chain, helping you to improve results across all spend, taking into account multiple dimensions including cost, time, supplier performance, ESG and risk management.



## Challenge: Leveraging ESG Information in Procurement Decisions

ESG and risk management information holds the key to making sustainable and socially responsible procurement decisions. Businesses need to ensure that such information influences their sourcing choices effectively.



### Regulations Supported:

TCFD, SEC Climate Disclosures, EU Ship Recycling Regulation, EU REACH & RoHS, Sanctions list checks

## JAGGAER Solution: Sustainable Procurement Criteria

JAGGAER eProcurement empowers businesses to incorporate ESG and risk management data through product flags and supplier classifications. Suppliers and products can be rated according to specific criteria, allowing

companies to make sustainable, diverse, and compliant procurement decisions. Integrating this information enhances supplier diversity analysis and ensures strategic and sustainable sourcing.

## Challenge: Reducing Paper Usage

In the quest for sustainability, businesses are finding it increasingly important to reduce paper usage. Traditional paper-based invoicing processes not only contribute to substantial paper waste but also result in additional environmental burdens associated with printing, mailing, and disposal. Electronic invoicing is a viable and impactful solution to this challenge.



Regulations Supported:

Council Directive 2010/45/EU, B2G directive, eIDAS, ViDA regulation

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## JAGGAER Solution: Electronic invoicing compliant with international standards

JAGGAER's Invoicing solution supports the issuance, reception, validation, processing, and archival of electronic invoices in over 50 countries.

By introducing paper-free invoicing, the platform promotes compliance with local invoicing while reducing the ecological footprint of companies.

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## Conclusion

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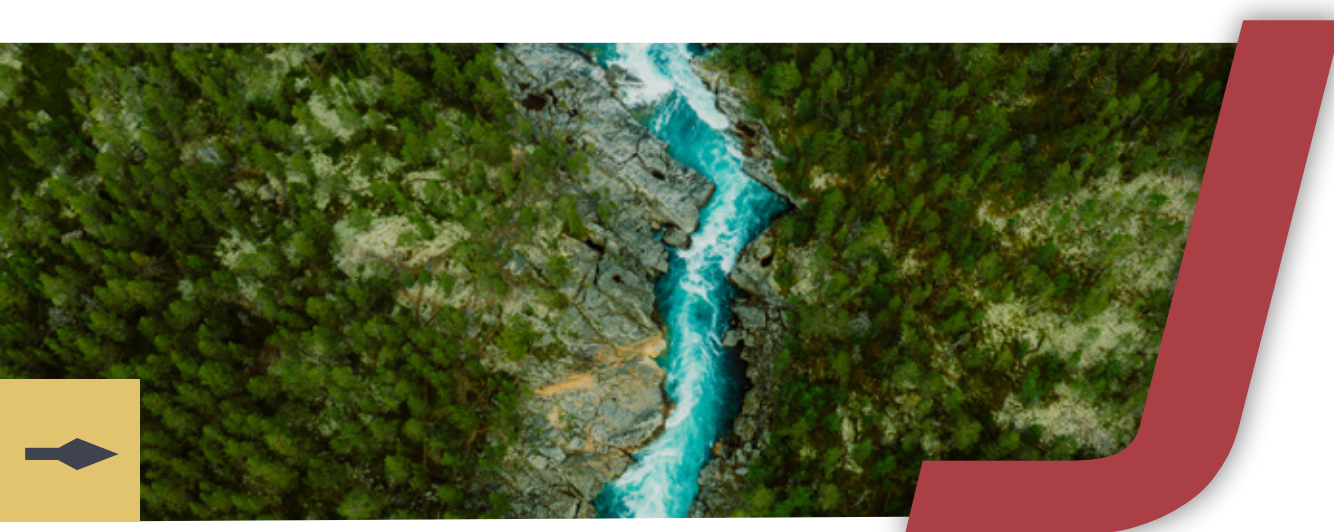
In summary, companies aiming for lasting profitability and well-rounded sustainability encompassing people, society, economy, and the environment must adopt ESG initiatives. These should extend beyond internal operations and be integrated throughout the entire source-to-pay process, encompassing supplier relationships and the supply chain. This becomes particularly pivotal in today's corporate landscape, as consumers are exceptionally attuned to ESG concerns.

JAGGAER offers businesses a comprehensive suite of solutions that helps them overcome ESG challenges and achieve their sustainability goals,

partly thanks to the quality of our technology but also through our collaborations with a diverse network of partners. By integrating ESG and risk management data into their decision making, organizations can drive sustainable outcomes across the entire source-to-pay process while reducing costs and increasing operational efficiency.

As you explore the path towards a brighter, greener, and more sustainable future, we invite you to review JAGGAER's ESG report, which highlights our commitment to environmental stewardship, social responsibility, and sound governance.

**[Click here to access JAGGAER's ESG report.](#)**







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