



Reimagining procurement by embedding sustainability across the value chain



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01

Introduction



Introduction

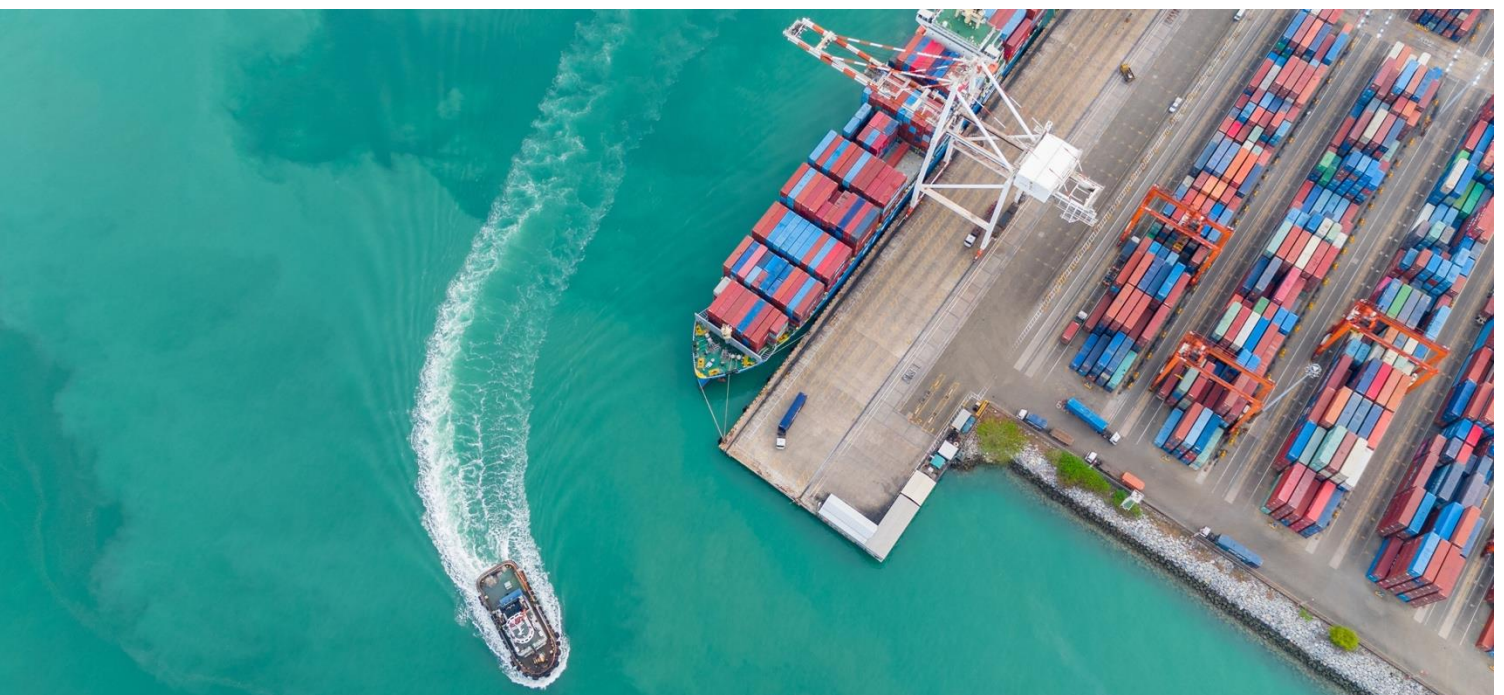



Procurement has shifted from a cost and efficiency focus to a broader role in shaping environmental, social and economic outcomes. As organisations respond to rising expectations on transparency, emissions and social responsibility, procurement is becoming a central mechanism for delivering sustainability outcomes that strengthen long-term performance. This shift is particularly visible in the Middle East, where national strategies are reshaping how organisations define value and manage impact across their supply chains.

Because procurement sits at the intersection of suppliers, operations and customers, it has a direct influence on how sustainably organisations source materials, select partners and structure commercial arrangements. Yet many organisations struggle to translate broad sustainability ambition into consistent, repeatable everyday practice. Fragmented supply networks, inconsistent supplier data and legacy sourcing processes continue to slow progress and limit the ability to measure real impact.

The region offers valuable examples of how procurement teams are elevating sustainability by reframing supplier relationships, updating sourcing criteria and embedding lifecycle considerations into commercial decisions. These shifts make clear that sustainability ambitions will not translate into impact without the right procurement capabilities and operating models to embed them into everyday decisions.

As sustainability becomes inseparable from resilience and long-term performance, the question for procurement teams is no longer whether they should lead this shift, but how they mobilise the capabilities, data and governance needed to deliver results that stand up to stakeholder scrutiny.





02

Sustainable
procurement in
the Middle East

Sustainable procurement in the Middle East

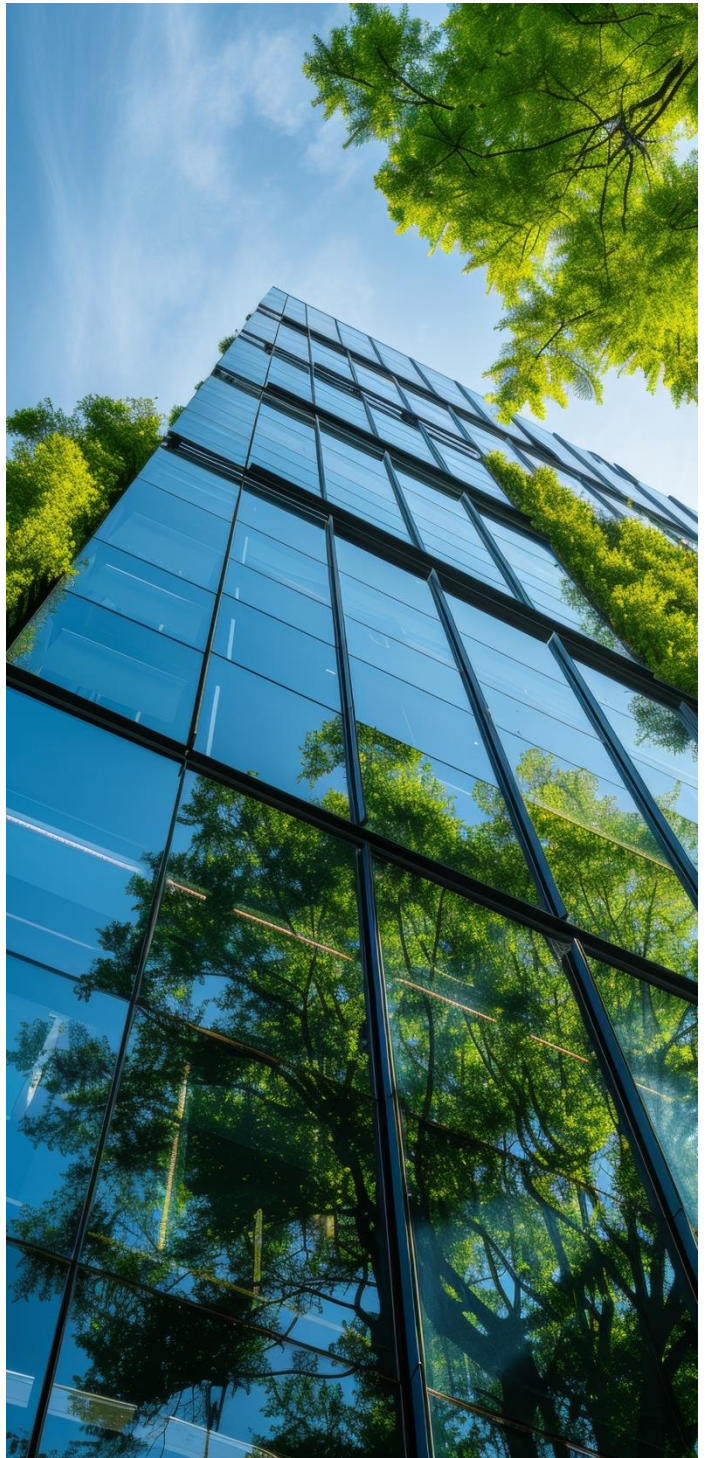


As the Middle East region accelerates its transformation toward sustainable and diversified economies, it is witnessing the rise of sustainable procurement as a mechanism for embedding environmental, social and economic value across supply chains.

According to a PwC analysis, businesses in the region are increasingly recognising that sustainability must be embedded directly into commercial and operational decision making.¹ However, despite growing awareness of sustainable procurement, implementation remains challenging due to fragmented reporting standards, limited procurement capabilities for sustainable sourcing and uneven maturity across sectors.

As the region deepens its commitment, procurement functions in the Middle East are positioned to play a critical role in shaping the global sustainability landscape. A key element of this shift is the prioritisation of sustainable business models, investment in green value chains and procurement processes that embed sustainability at every level of the supply chain.

This emerging momentum is reflected in practical actions already underway across the region.



Sustainable procurement in the Middle East



Sustainable procurement in action

To accelerate adoption of sustainable practices, organisations are using ISO 20400 as a globally recognised framework for embedding sustainability into procurement practices.

Sustainable Procurement: GCC Case examples

In the GCC, a leading telecom operator strengthened environmental accountability by conducting supplier sustainability assessments and by collaborating with partners to improve transparency, promote circular economy practices and enhance the environmental performance of sourced products. Likewise, one of the region's foremost banks demonstrated how sustainability can be embedded into procurement at scale through advanced Shariah-compliant green finance offerings while elevating transparency and strengthening sustainable sourcing practices.

Together, these examples show how early adopters are converting sustainability ambition into operational practice and measurable outcomes, while advancing responsible and transparent procurement practices across the region.



03

Stakeholder expectations



Stakeholder expectations



Investors, consumers and employees continue to expect companies to embed sustainability and long-term resilience into the heart of their business. Stakeholders want transparency on how value is created, preserved or put at risk for the company, the planet and society. These expectations increasingly influence how companies allocate capital, reshape operating models and manage their supply chains.

Findings from PwC's 2024 Digital Procurement Survey² show a decisive shift in expectations around sustainable business practices, with stakeholders placing unprecedented pressure on organisations to embed environmental, social and governance (ESG) principles into procurement. Procurement teams now rank environmental risk management as their top priority (59%), followed closely by governance and social factors, reflecting a broader recognition that sourcing decisions must drive long-term value and resilience, not just cost efficiency.

Corporate social responsibility has rapidly risen in importance for chief procurement officers (CPOs). A survey by IntegrityNext and Chartered Institute of Procurement & Supply (CIPS) shows that sustainability is now embedded in procurement priorities, with 82% of organisations treating it as a strategic focus and 90% planning to scale their sustainability efforts.³

Priorities such as Scope 3 emissions reduction and digitalised compliance are becoming central to procurement strategy. Together, these trends signal that customers, investors, regulators and internal leadership increasingly expect procurement to lead the transition toward responsible, transparent and sustainable business operations.

These shifts in procurement priorities mirror a wider change in stakeholder expectations. PwC's Global Investor Survey 2025⁴ shows that investors are reinforcing the same message that procurement leaders are hearing in their own organisations. A large majority of investors – 84% globally – believe companies should maintain or increase investment in climate adaptation, underscoring how long-term value creation now depends on a company's ability to respond to environmental pressures.

More than half (53%) say they would increase investment in businesses that build climate-resilient supply chains. This points to a growing recognition that procurement and supplier management sit at the heart of enterprise resilience. Investors are also rewarding organisations that turn sustainability data into operational advantage, with 61% reporting they would allocate more capital to companies using such data to improve efficiency and performance.

These findings illustrate that sustainability is no longer viewed as a strategic add-on, but as a critical driver of resilience, efficiency, supply chain strength and long-term investor confidence. As digital tools continue to advance, organisations will increasingly rely on technology to enhance supply chain visibility, monitor supplier performance, manage sustainability risks and ensure alignment with evolving stakeholder expectations.

Companies that demonstrate disciplined, data-driven sustainability outcomes across their procurement and supply ecosystems stand to benefit most. Those that fall behind risk facing growing pressure from regulators, investors and customers.

04

Procurement's
role in driving
sustainable
value across the
supply chain



Procurement's role in driving sustainable value across the supply chain



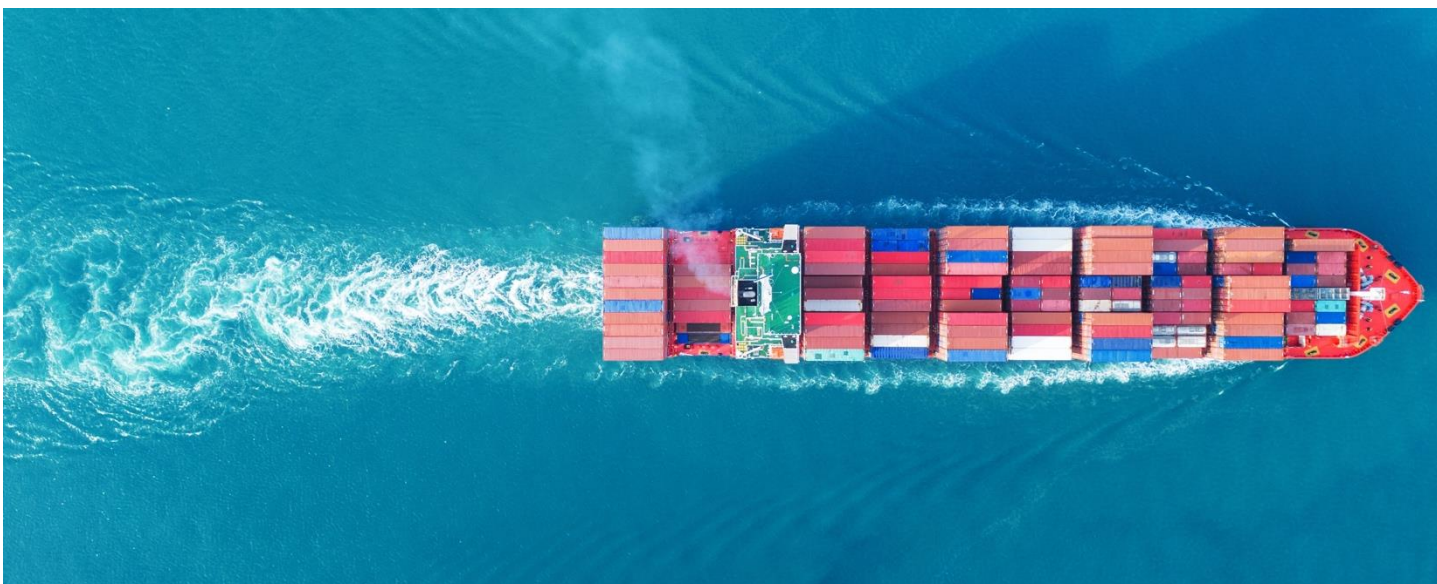
Procurement has become a central lever for shaping an organisation's sustainability footprint across its supply ecosystem. Every sourcing decision, from how materials are produced to how suppliers operate, carries environmental and social consequences. In an era where ESG shapes reputation and resilience, procurement is the function that converts strategy into action.

By translating sustainability goals into supplier expectations, contract clauses and measurable outcomes, procurement acts both as a catalyst for change and a guardian of responsible commercial practice. It ensures that corporate ambition is reflected in the day-to-day decisions that determine whether sustainability commitments lead to measurable progress across the supply chain.

Modern sustainable procurement is guided by international frameworks such as ISO 20400: Sustainable Procurement Guidance, UN Sustainable Development Goals, and Greenhouse Gas (GHG) Protocol. These frameworks provide the principles and methodologies organisations need to embed sustainability into procurement in a consistent and measurable way. For instance, ISO 20400 provides guidance on integrating environmental and economic considerations into procurement decisions, supporting responsible sourcing and long-term value creation.

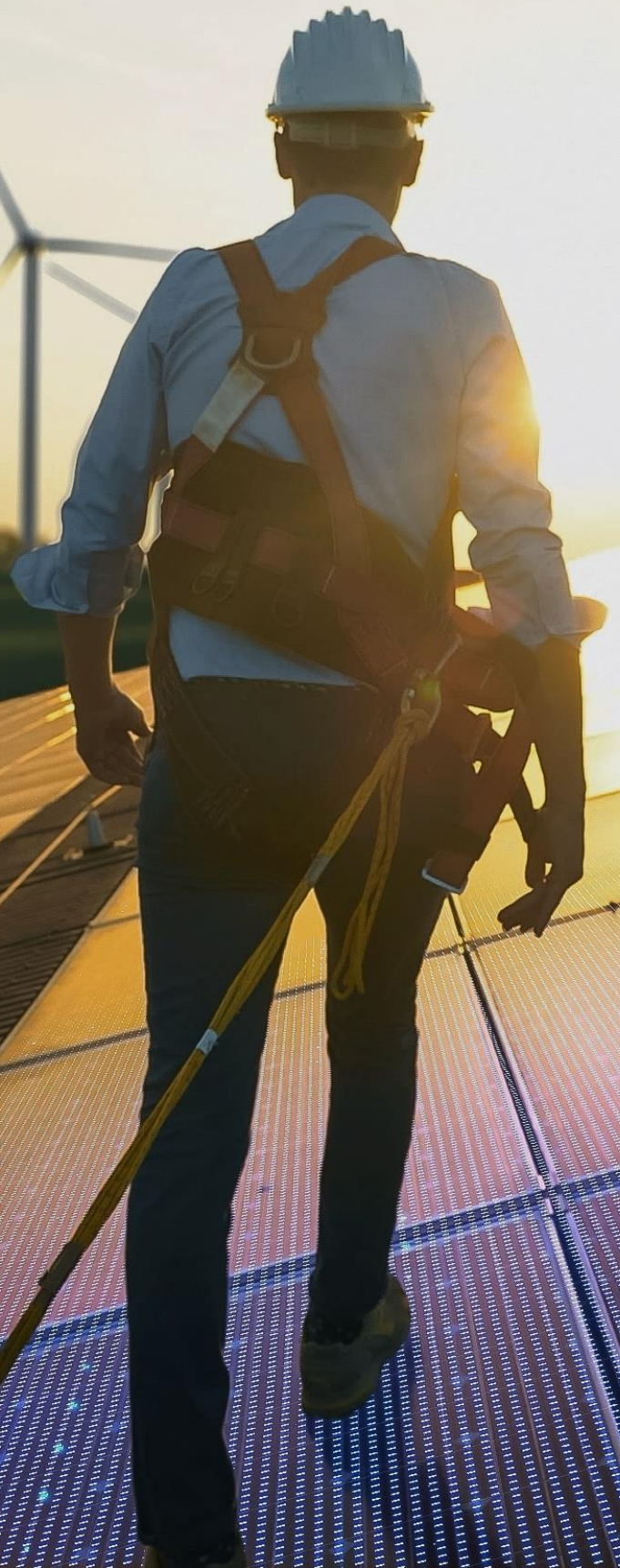
The UN Social Development Goals serve as a global blueprint for aligning procurement strategies with overarching sustainability objectives, including climate action through resource efficiency.⁵ Similarly, the GHG Protocol offers a consistent framework for quantifying and managing greenhouse gas emissions across supply chains while facilitating compliance with climate commitments.⁶

These frameworks translate high-level sustainability commitments into practices that are measurable and embedded into procurement governance.



05

The pillars of sustainable procurement: environment, social and governance



The pillars of sustainable procurement: environment, social and governance



Procurement has a decisive influence on sustainability outcomes, particularly as most organisations' impacts lie within their supply chains. By shaping sourcing strategies and supplier relationships, procurement embeds environmental responsibility, social inclusion and governance standards into day-to-day decisions.

From an environmental perspective, procurement plays a critical role in shaping an organisation's emissions footprint, with its greatest influence sitting beyond direct operations.

Procurement also shapes social inclusion and governance integrity across the supply chain. These pillars provide a complete framework for evaluating procurement's sustainability footprint. The following sections explore how procurement shapes environmental, social and governance outcomes across the value chain.

5.1

Role of procurement across emission scopes

With **Scope 3** emissions accounting for up to 90% of many organisations' carbon footprints, sourcing decisions have far-reaching implications, affecting value-chain emissions⁷ and nearly 70% of the UN Sustainable Development Goals, underscoring the broader global impact of sourcing decisions.⁸

Procurement can shape Scope 3 performance by requiring suppliers to disclose emissions data, embedding sustainability and carbon-intensity criteria into tender processes and prioritising low carbon materials, packaging and logistics solutions. Applying circular economy principles such as reuse, repair and recycled content further reduces environmental impact and ties progress to measurable supplier outcomes.

Scope 1 emissions come from owned or controlled assets, while **Scope 2** emissions arise from purchased electricity, heating and cooling. Procurement can reduce both by sourcing low-emission equipment, prioritising suppliers using cleaner fuels, securing renewable energy contracts and embedding emissions and efficiency requirements into commercial and facilities-management agreements, supported by lifecycle cost assessments and consistent internal tracking.

These levers reinforce procurement's pivotal role in corporate climate action, with the greatest opportunity for impact sitting beyond organisational boundaries.

The pillars of sustainable procurement: environment, social and governance



5.2

Social impact: Driving inclusion, opportunity and fairness

Procurement has a material influence on economic inclusion and social outcomes. Through inclusive sourcing practices and firm expectations on labour standards, procurement helps expand opportunity, improve working conditions and strengthen local economic resilience.

Many organisations now use procurement to widen participation across their supply markets.⁹ This includes creating fair access for micro, small and medium enterprises, local manufacturers and minority-owned businesses by simplifying qualification requirements and accelerating payment terms. Tracking outcomes such as local spend and job creation ensures these commitments deliver tangible regional impact.

Procurement also contributes to **broader economic development** by directing demand toward suppliers that build domestic capability. Working with strategic suppliers to develop skills, adopt new technologies and strengthen sustainability performance helps enhance the resilience of entire supply ecosystems.

Labour and human rights standards sit at the core of this agenda.

Fair-work principles are increasingly embedded into contracts and supported by supplier assessments aligned with ISO 26000 and International Labour Organisation conventions. These frameworks ensure safe working conditions, fair pay and the prevention of forced or child labour across global supply chains.

A **resilient** supply chain relies on partners that are empowered, diverse and treated fairly, with procurement setting the standards that enable this consistency at scale.

Inclusion and ethics are now essential to managing risk and building sustainable, long-term growth.

The pillars of sustainable procurement: environment, social and governance



5.3

Governance integrity: Strengthening governance across the supply chain

Procurement sits at the frontline of corporate governance, translating policy into enforceable supplier behaviour and strengthening oversight of how goods and services move through the value chain. By embedding governance requirements into sourcing processes and supplier relationships, procurement helps protect organisations from legal, compliance and reputational risk while strengthening traceability across the supply chain.

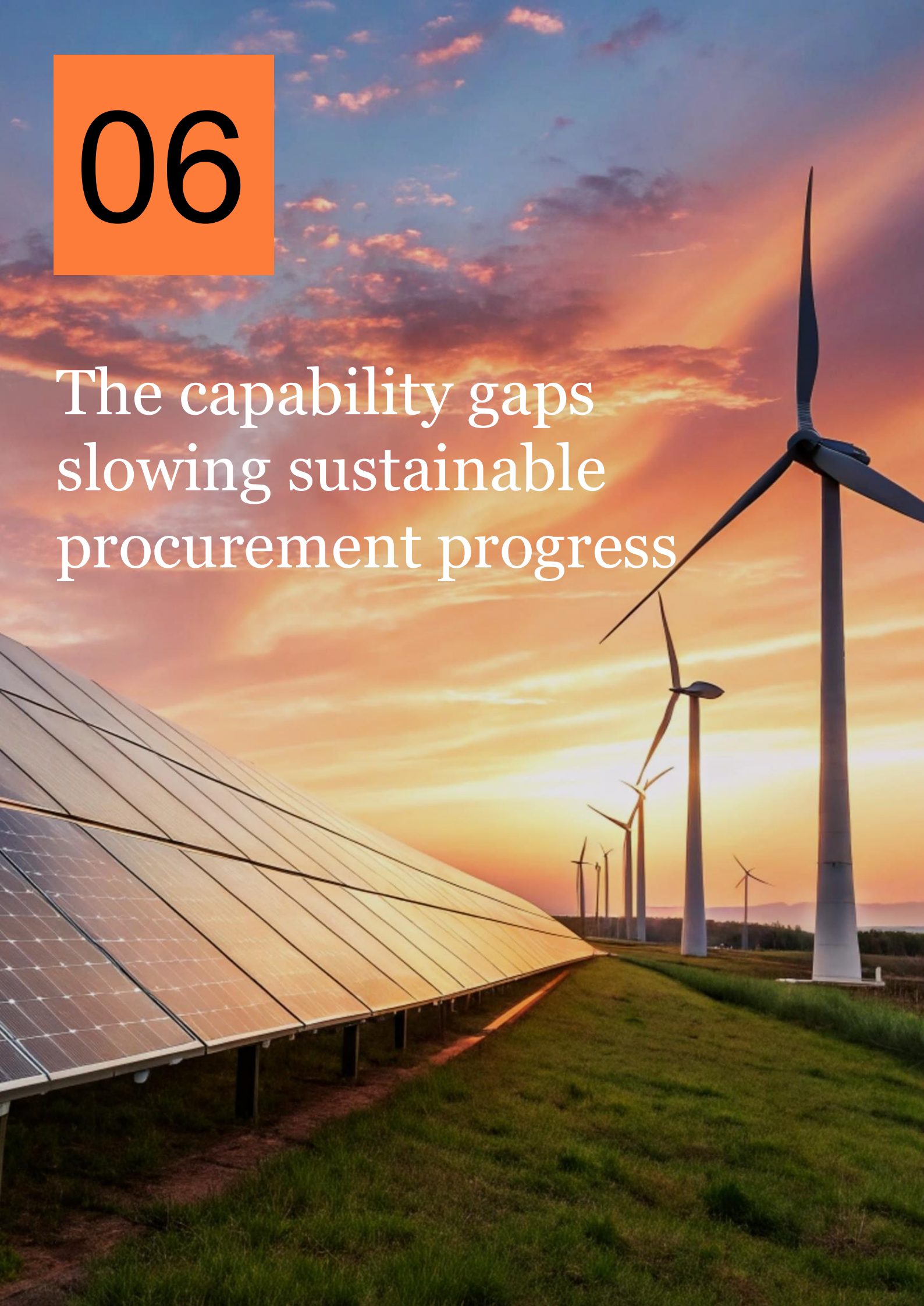
Ethical sourcing forms a central part of this responsibility. Procurement teams enforce anti-bribery, anti-corruption and data-privacy expectations through pre-qualification checks and contractual commitments, ensuring suppliers operate with integrity from the outset. Structured supplier-risk management, supported by due-diligence tools, third-party monitoring and recognised certifications, verifies that suppliers meet regulatory standards and align with organisational policies.

Transparency is an increasingly important dimension of procurement's governance role. Integrating ESG metrics into procurement dashboards offers visibility from source to delivery. It strengthens reporting on supplier performance and enables earlier intervention when risks emerge. This level of insight reinforces accountability across the supply chain. Stakeholders, from regulators to customers to investors, now expect evidence rather than assurances. Procurement's ability to uphold ethical standards and ensure traceability underpins the credibility organisations need to lead in a sustainable economy.



06

The capability gaps
slowing sustainable
procurement progress



The capability gaps slowing sustainable procurement progress



Although commitment to sustainable procurement is increasing, many organisations still struggle to embed it consistently into day-to-day decisions. Three capability gaps continue to slow sustained progress:

Fragmented supplier insight.

Many organisations lack a single, reliable view of supplier sustainability performance. Inconsistent reporting standards, limited emissions data and disconnected systems make it difficult to compare suppliers, track progress or assess risk across the value chain. Without meaningful transparency, sustainability expectations remain aspirational rather than measurable.

1

Legacy processes that prioritise cost over impact

Procurement processes in many organisations were built for efficiency and compliance, not sustainability. Traditional sourcing criteria often reward lowest price or fastest delivery, even when these choices undermine long-term environmental or social goals. Embedding lifecycle costing, Scope 3 considerations and circular principles requires a shift in both mindset and methodology.

2

Capability and culture

Procurement teams are eager to advance sustainability, yet many lack the tools, training or authority to influence decisions beyond their immediate remit. Suppliers may also lack the knowledge or resources to meet new expectations. This creates a gap between ambition and execution, with sustainability owned by a few specialists rather than embedded across the function.



Addressing these capability gaps is essential for organisations seeking to translate sustainability goals into measurable outcomes, particularly as stakeholder expectations intensify and regulatory scrutiny increases.

07

Building a sustainable procurement operating model



Building a sustainable procurement operating model



To deliver sustainability at scale, procurement needs an operating model that supports consistent, disciplined and transparent decision-making across categories and supplier tiers. Leading organisations are anchoring their procurement transformation around six core enablers, which together form the foundation for embedding sustainability across all procurement activity.



Strategy and policies

Clear strategic direction, measurable sustainability targets and policies aligned with external standards set expectations for both procurement teams and suppliers.



Processes and procedures

Sustainability must be embedded into every step of the procurement cycle, from category planning to sourcing, contracting, ordering and supplier management.



Organisation and governance

Roles, responsibilities and decision rights need to reflect sustainability priorities, supported by consistent oversight and escalation mechanisms.



Technology and data

Digital tools that provide supplier insight, enable emissions tracking and strengthen traceability are essential for evidence-based procurement and transparent reporting.



Metrics and reports

Sustainability KPIs, dashboards and formal reporting processes ensure accountability and reinforce performance expectations.



Skills, mindset and behaviour

Procurement teams require technical training on sustainability topics, alongside a culture that encourages cross-functional collaboration and balances cost, quality and impact.

This operating model provides the foundation organisations need to embed sustainability into everyday practice and move from intent to execution.

08

What CPOs must do next



What CPOs must do next



For chief procurement officers, sustainability is no longer a parallel agenda or a delegated responsibility. It defines the next frontier of procurement leadership. The role is shifting from cost optimiser to value architect, with CPOs expected to steer environmental, social and governance priorities across the supply chain.

Three strategic imperatives stand out.

01

Redesign category strategies through a sustainability lens

CPOs need to reframe categories around their environmental and social impact, not just spend. This means integrating sustainability drivers into category insights, supplier segmentation and long-term sourcing strategies, with differentiated ambitions for carbon-intensive or socially sensitive categories.

02

Embed sustainability into commercial decision-making

Sourcing processes must consider lifecycle impact, carbon intensity, resource efficiency and ethical practices alongside traditional commercial metrics. As sustainability becomes a differentiator in negotiations, contracts increasingly serve as levers for change, with environmental KPIs, transparency requirements and incentives for continuous improvement.

03

Strengthen supplier collaboration to accelerate progress

CPOs can unlock the greatest gains by treating suppliers as partners in transformation. Joint pilots on low-carbon materials, capability-building programmes, improved payment terms and shared investment models help suppliers progress faster and enable organisations to meet sustainability commitments across the entire value chain.

These imperatives elevate procurement's role from operational executor to strategic leader, reshaping how organisations compete, comply and create value.



09

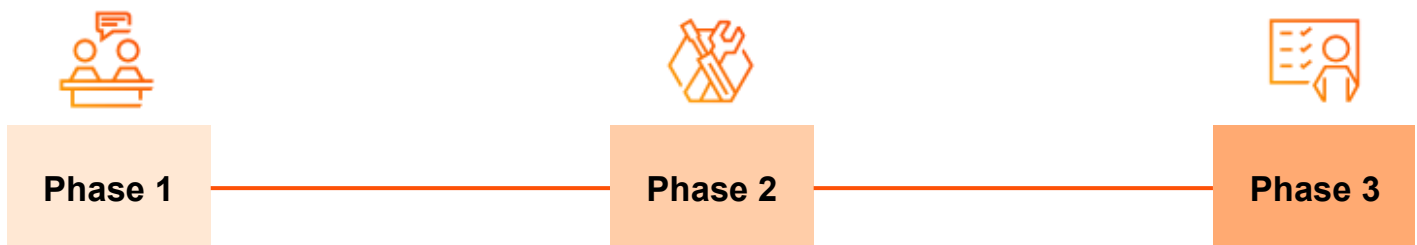
A practical roadmap
for sustainable
procurement



A practical roadmap for sustainable procurement



To help organisations accelerate momentum, the journey can be framed around three practical phases. Each phase builds on the previous one and supports the integration of sustainability into everyday procurement activity.



Phase 1: Assess and prioritise

Organisations should begin by evaluating their current procurement practices against recognised sustainability standards and establishing baselines for Scope 1, 2 and 3 emissions. This assessment highlights the categories and supplier groups with the greatest impact and helps prioritise where effort will deliver the most value. From here, teams can set targets that align with the organisation's wider sustainability objectives and provide a clear direction for future actions.

Phase 2: Design and embed

Once priorities are clear, the next step is to design the policies and processes that enable sustainable procurement. This includes developing sustainable procurement policies and supplier codes of conduct, integrating sustainability criteria into sourcing and evaluation processes and building supplier engagement programmes that support capability development and transparency. Contracts can also be strengthened by embedding emissions, ethics and circularity considerations, ensuring commercial arrangements reinforce environmental and social outcomes.

Phase 3: Implement and sustain

Implementation requires reliable data and consistent performance monitoring. Digital tools that track supplier sustainability performance across categories can improve transparency and support informed decision-making. KPIs and dashboards help sustain accountability, while cross-functional collaboration ensures changes are adopted across the organisation. Over time, procurement teams should refine their approach based on supplier performance, regulatory developments and emerging innovations to maintain momentum and deliver continuous improvement.

This structured approach enables organisations to move from ambition to action, develop sustainable procurement capabilities and build value chains that are resilient, transparent and aligned with long-term organisational goals.



10

The path forward for
procurement leaders

The path forward for procurement leaders



Sustainability is reshaping procurement at its core. What once began as a compliance requirement has now become a powerful driver of resilience and long-term value creation across the supply chain.

Organisations that succeed will be those that integrate sustainability into the core of their procurement strategy, operating model and supplier relationships.

CPOs have a pivotal role to play. By aligning commercial decisions with environmental and social outcomes, demanding greater transparency from suppliers and building capabilities that span data, governance and collaboration, they can turn procurement into a catalyst for sustainable growth.

As expectations rise, procurement's leadership on sustainability is no longer optional. What now matters is the ability to mobilise the systems, partnerships and practices needed to deliver measurable, credible impact at scale.



At PwC, we help organisations unlock the full potential of procurement in driving sustainable outcomes. Our Sustainable Procurement and Supply Chain Framework enables clients to assess maturity, identify gaps and implement tailored strategies aligned with global best practices. We believe procurement is not just a function – it is one of the main drivers for long-term sustainable change.

What steps is your organisation taking to empower procurement as a driver of sustainability? Let's explore the possibilities together.

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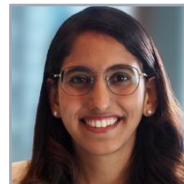
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