



Embedding Carbon into Sourcing Processes

Is your case study linked to an ‘ugly truth’ or a ‘key success factor’?

Key success factor

What does the case study help tackle?

The Bayer carbon pricing case tackles the critical challenge of embedding decarbonization into procurement’s core processes—particularly sourcing. Traditional procurement decisions often prioritize cost, quality, and supply security, but without integrating carbon considerations, climate goals remain disconnected from business strategy. By introducing carbon pricing into sourcing decisions, Bayer transforms decarbonization from a peripheral initiative into a strategic lever that directly influences competitiveness and supplier selection.

Why is this important?

- **Aligning Financial and Climate Objectives:** Carbon pricing translates emissions into a monetary metric, making climate impact visible in economic terms. This ensures that sustainability is not just a moral imperative but a business-critical factor.
- **Driving Supplier Engagement and Transparency:** Assigning a cost to carbon creates urgency for suppliers to disclose Product Carbon Footprints (PCFs) and invest in emissions reduction. It shifts conversations from voluntary reporting to competitive necessity.

- **Accelerating Climate Action Across the Value Chain:** When carbon costs influence sourcing outcomes, suppliers are incentivized to innovate and decarbonize faster, amplifying Bayer’s climate impact beyond its own operations.
- **Future-proofing Procurement:** Regulatory trends and market expectations increasingly favor low-carbon products. Carbon pricing prepares Bayer to navigate these shifts proactively, safeguarding resilience and reputation.

What was the outcome and how did you measure it?

By applying carbon pricing, emissions are translated into a monetary value and added to supplier quotes, closing the gap between the current financial quote and the true environmental cost. This enables more carbon-conscious sourcing decisions.

We are piloting this approach in selected categories, impacting 15 tender events. We already notice shifts in sourcing behavior of procurement teams and more focused PCF exchanges during supplier engagement. We will further adjust our approach, considering ways rewarding a supplier’s PCF improvement over time.

Who was involved (departments/roles)? How did you justify it to the business?

The initiative was driven by Procurement Sourcing Managers in close collaboration with the Bayer Supplier Decarbonization Team. We focused on categories where decarbonization aligns with business strategy, ensuring shared objectives and demonstrating how decarbonization can drive both environmental and commercial value.

What were the key success factors?

- **Targeted Rollout:** Prioritizing categories with strong alignment to business goals and decarbonization targets.
- **Supplier Trust and Method Clarity:** Building trust and promoting consistent PCF methodologies to encourage data sharing and collaboration.

What are your watch-outs for others attempting this?

- **PCF Transparency Challenges:** Suppliers may hesitate to share PCFs if competitors use inconsistent methods that yield lower emissions.
- **Carbon as One of Many Criteria:** Emissions data supports better decisions but doesn’t override other sourcing priorities like cost, quality, or delivery.



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How would you recommend those with less resources attempt this?

- Internal Capability Building: Equip Sourcing teams with the tools and training to interpret and act on carbon data.
- Pilot Learnings and Scalability: Start small, capture insights, and refine the approach before scaling across categories.

Who were the main drivers (the people that were boots on the ground), and the main leadership sponsor?

The initiative was driven by Procurement Sourcing Managers and the Supplier Decarbonization Team, who implemented carbon pricing in sourcing processes. Strong sponsorship from our Procurement Leadership Team ensures strategic alignment and visibility at the top.

Why broader engagement matters:

- Category Managers: Apply carbon pricing in negotiations—critical for impact at scale.
- Supplier Decarbonization Team: Aligns with climate targets, requirements and carbon pricing calculation support.
- Suppliers: Their transparency and action on PCF make the approach effective.

