



# eccoa

## SCENARIOS

Understanding Corporate  
Impact Procurement in Brazil

## Dedication

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We dedicate the first edition of Ecoa Scenarios to our beloved visionary friend, the creator of this work, **Túlio Notini** (*in memoriam*).

His unwavering commitment to **building a fairer and more regenerative** world was the driving force behind this research and the creation of **Ecoa – Coalition for Impact Procurement**.

His absence fills us with profound sadness, but we remain inspired by his purpose, guided by the light of his legacy, and committed to his vision of collaborative building.

## Acknowledgments

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We thank all the Organizations participating in this research process for their trust in the work and their willingness to provide valuable contributions to understanding the key challenges and opportunities of Impact Procurement.

## **Corporations**

3 Corações  
Audi  
L'oréal  
Mars  
Pepsico  
Pluxee  
Porto Seguro  
RaiaDrogasil  
Zurich

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## **Impact Businesses**

Amitis  
Baskets  
Cria Brasil  
Dulocal  
Livre de Assédio  
Realixo  
Roda Design  
Santa Food  
Solos  
Sondery  
Vivmais  
Whywaste

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## **Entrepreneur Support Organization**

Adesampa  
Aliança Empreendora  
Aliança pelo Impacto  
Amaz  
Casa 7  
Climate Ventures  
Conexsus  
Emperifa  
NEsST  
Semente Negócios  
Sistema B  
Somos Um  
Trê Investimento

Execution:

# ecoa

Ecoa is a coalition for impact procurement that aims to transform corporate and public procurement practices into a driving force to address social and environmental challenges, adding sustainability and social impact to value chains.



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# Executive Summary

## Executive Summary

From all the mechanisms a company can use to generate positive social and environmental impact, proper supply chain management is undoubtedly the most relevant. According to data from the World Economic Forum, two-thirds of a company's potential for positive or negative impact comes from its supply chain.<sup>1</sup>

Although there are no precise estimates of the financial volume transacted in business-to-business (B2B) relationships, it is possible to infer the undeniable enormity of this market. Notably, SAP Business Network, one of the largest corporate procurement platforms in the world, facilitates annual transactions worth approximately \$3.75 trillion in products and services, connecting over 5.3 million companies globally.<sup>2</sup>



**Corporate procurement represents a trillion-scale opportunity to transform supply chains into a real driver of positive social and environmental impact.**

<sup>1</sup>2025. WEF. State of Social Procurement

<sup>2</sup>2022. SAP. SAP closes gap between sustainability and profitability with solutions for Africa

It is indeed a global trend. Regulatory pressures have been gaining momentum and now require publicly traded companies to report their sustainable practices in the supply chain in much of the world, including Brazil. Moreover, 8 out of 10 companies surveyed in the Ecoa Scenarios Survey report that the topic has gained relevance within corporate strategies.



**8 out of 10 companies surveyed in the Ecoa Scenarios Survey report that the issue has gained relevance within corporate strategies**

According to studies by PWC<sup>3</sup>, 59% of procurement departments state that reducing greenhouse gas emissions in Scope 3, i.e., within the value chain, will be a priority over the next three years. This indicator shows the increasing relevance of social and environmental impact biases in supply chain management and, consequently, points to the trend of incorporating other similar practices in the near future.

**With the aim of accelerating the development of inclusive and sustainable corporate procurement—referred to here as impact procurement—this study sought to understand the challenges and opportunities in the relationships among the actors involved in this ecosystem.**

Three major obstacles have emerged in these commercial relationships. To understand and address these challenges, ideas and insights were gathered in collective co-creation sessions, as the main opportunities lie in the convergence of stakeholders around solutions.



## Challenges

### Lack of integration between impact businesses and corporations

There is a lack of consistent mapping of inclusive and sustainable businesses.



## Opportunities

Creation of impact supplier databases.

Development of best practice guides with clear and objective criteria for selecting and contracting inclusive and sustainable businesses.

Establishment of a recurring engagement agenda between potential procurement officers, procurement leaders, and the impact ecosystem.

### Bureaucracies and institutional barriers

Excessively rigid procurement policies and long payment terms

Co-creation of manuals and models for flexible procurement policies, with adaptations and simplifications of deadlines and processes.

Development of corporate programs for the adoption of impact criteria in procurement.

### Lack of training and awareness

Poor literacy of procurement teams and impact suppliers in establishing and maintaining commercial relationships.

Development and dissemination of learning environments and benchmarks for procurement, sustainability, and other potential sectors involved in corporate procurement.

Creation of supplier development programs aimed at building the capacity of impact businesses to serve large corporations.

Development of programs and partnerships for discussing and enhancing the businesses environment.

# Context and Scenario

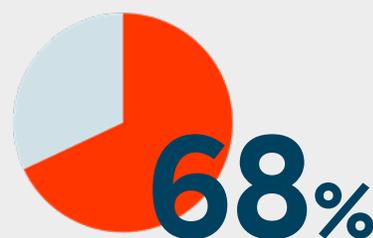


## A trillion-scale opportunity to build more prosperous, dynamic, and sustainable economies

**We are approaching a turning point in business management.**

While global political and economic pressures polarise fundamental debates on inclusive sustainable development, undeniable trends and indicators point to the urgent need for businesses to rethink their management models in the very near future.

One of these indicators comes from the 28th CEO Survey by PwC<sup>4</sup>. After two consecutive years of economic slowdown forecasts and historically high levels of pessimism, 68% of Brazilian leaders surveyed for the research now foresee global economic growth for 2025. Yet, this optimism is accompanied by a belief in the need for business transformation.



68% of Brazilian leaders surveyed for the research now foresee global economic growth for 2025

<sup>4</sup>2024, PwC, Global Digital Procurement Survey 5th Edition

Among these executives, 45% do not believe their Organizations will survive for more than ten years if they do not reinvent themselves. It is worth noting that in 2023, this share was 28%, highlighting the urgency of this shift.



45% do not believe their Organizations will survive for more than ten years if they do not reinvent themselves

Social and climate risks are knocking at the door, and sectors such as insurance, agribusiness, and public utilities are already identifying these as the biggest risks for companies this year. PwC<sup>4</sup> is emphatic in its recommendation: **“Now more than ever, it is essential to adopt a systems thinking approach to foresee events”**.

Thinking systemically and predicting events involves not only taking a broad look at the context in which the company operates, but also recognising the risks, positive and negative externalities of its activities, as well as anticipating them in order to maximise the desired effects and mitigate the undesired ones.

Opportunities and investment needs aligned with a climate and social agenda are being observed by senior leadership in the private sector.

In the environmental field, for example, a third of Brazilian CEOs report that climate investments have led to an increase in revenue. A study from Harvard Business School, published in Strategy + Business magazine, shows **“faster revenue growth among companies that adapt their product portfolios to climate solutions”**.<sup>5</sup>

<sup>4</sup>2024. PwC. [Ten questions for a winning climate-transition business strategy](#)

In the social field, the World Economic Forum's State of Social Procurement 2025<sup>6</sup> report informs that social issues such as strikes, human rights violations, discrimination, among others, are the second leading cause of disruptions in value chains – behind legal and regulatory issues (26%) and ahead of environmental issues (13%).

The scale of the opportunity within corporate procurement is, therefore, undeniable. **SAP Business Network, one of the largest corporate procurement platforms in the world, facilitates annual transactions amounting to \$3.75 trillion in products and services, connecting over 5.3 million companies globally.**<sup>7</sup>

A keen focus on supply chain management can be one of the most **powerful pathways for a business strategy that promotes sustainable and inclusive development, while also driving business growth in the rapidly changing global landscape.** The State of Social Procurement informs that two-thirds of a company's potential for positive or negative impact comes from its supply chain.<sup>8</sup>

The fact is that supply chains can and should be a driver of significant transformations, risk mitigation, and the amplification of a company's positive economic and social impacts. The fifth edition of the Digital Procurement Survey, the latest sectoral report from PwC Global, published in April 2024, provides strong evidence of this trend, offering insights into the strategic priorities of procurement departments. The report states that procurement leaders are shaping their strategic plans around innovative, practical cases of corporate social responsibility in procurement decisions, as well as the digitalisation of processes and data and risk management in procurement.

<sup>6</sup>2025. WEF. *State of Social Procurement*

<sup>7</sup>2022. SAP. *SAP closes gap between sustainability and profitability with solutions for Africa*

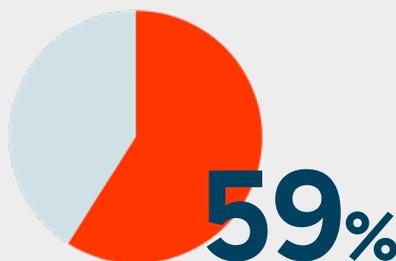
<sup>8</sup>2024. PwC. *Global Digital Procurement Survey 5th Edition*

In the area of corporate social responsibility, environmental issues were cited as a priority for 59% of procurement departments over the next three years, with a focus on reducing scope 3 emissions.

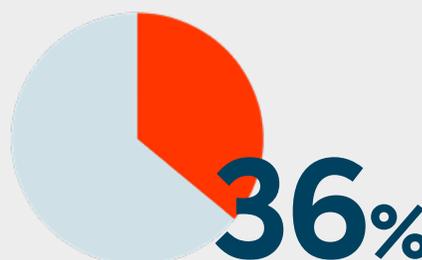


**On the other side of this negotiation table are the social and environmental impact businesses.<sup>9</sup>**  
**A sector in rapid development in Brazil and worldwide.**

With products and services capable of driving positive social and environmental impacts, these companies have been working directly on creating solutions for other businesses. The latest mapping produced by PipeLabo<sup>10</sup> informs that 59% of impact businesses in Brazil operate under the Business to Business (B2B) model, while 36% work under the Business to Business to Consumer (B2B2C) model, with the possibility of both models being used simultaneously within the same company.



impact businesses in Brazil operate under the Business to Business (B2B) model



operate in the Business to Business to Consumer (B2B2C) model

<sup>9</sup>In the absence of a definitive taxonomy on the topic, we refer to social and environmental impact businesses as those that intentionally aim to generate positive social and/or environmental impacts through their products, services, and/or operations. This group encompasses inclusive businesses (which benefit historically vulnerable communities) and sustainable businesses (which work with environmental protection and regeneration mechanisms).

<sup>10</sup>2023, PipeLabo. 4th Social and Environmental Impact Business Map (4º Mapa de Negócios de Impacto Social + Ambiental, in Portuguese).

This mapping also revealed that two-thirds of impact entrepreneurs have postgraduate degrees. This indicates a highly qualified talent pool, but also highlights a socioeconomically exclusive opportunity in Brazil. Consequently, there is significant untapped potential for impact entrepreneurship among other socio-economic groups.

**In 2021, the volume of assets under management for impact investments in Brazil was**

**R\$18 billion**

**this highlights the sector's maturity curve, which began in Brazil in the 2000s, showing a 60% growth compared to the previous year.<sup>11</sup>**

Since then, impact businesses have grown and developed with the support of hundreds of Organizations that catalyse Brazil's ecosystem. These include incubators, accelerators, consultancies, educational institutions, investment funds, and many other Organizations committed to building a more just, inclusive, and sustainable economy.

By definition, Entrepreneur Support Organizations are actors or Organizations that support entrepreneurs and investors working with social and environmental impact in various ways throughout their journeys. They provide infrastructure through networks, training and connection platforms, reference materials, recognition initiatives, and create conditions for the replication of best practices.<sup>12</sup>

**Additionally, we highlight the role of the Organizations that structure the impact ecosystem. In practice, they are “Organizations with dedicated staff and the skills to coordinate the integrated work of various Organizations involved in a collective impact initiative”, as we propose through the Eoa Coalition: Impact Procurement.<sup>13</sup>**

<sup>11</sup>2023. ANDE. Impact Investments in Brazil 2021 (Investimentos de Impacto no Brasil 2021).

<sup>12</sup>2021. Aliança pelo Impacto. Future Visions for the Impact Agenda in Brazil (Visões de Futuro para a agenda de Impacto no Brasil).

Considering the enormous opportunity at hand and the leading role of these four players - corporations, social and environmental impact businesses, Entrepreneur Support Organizations and structuring Organizations - in integrating diverse, inclusive and sustainable solutions into supply chains, we set out in this study to begin building knowledge.

***On the contrary, this is a first step in mapping the challenges and opportunities within what we call Impact Procurement—the procurement by corporations from businesses that generate positive social and/or environmental impact, either through their products and services or by creating economic value for historically marginalised groups.***

In the following pages, you will find information from a broad and essentially qualitative perspective, with a special focus on the supply chains within the private sector. We chose to defer the discussion of public procurement for a later stage, given the complexity and the distinct nature of how this group of procurement officers operates.<sup>14</sup>

<sup>13</sup>2022. [Aliança pelo Impacto. The Role of Structuring Organizations in Strengthening Local Ecosystems for Impact Investments and Businesses \(O papel das organizações estruturantes no fortalecimento de ecossistemas locais de investimentos e negócios de impacto\).](#)

<sup>14</sup>Some initiatives in Impact Procurement are emerging in the public procurement sector, which could lead to significant movements, considering that these contracts represent 12% of Brazil's GDP. One of the most recent movements in this direction is the creation of the National Strategy for Public Procurement and Sustainable Development, an initiative currently in its early stages, led by the Ministry of Management and Innovation in Public Services, which is still under development. Similarly, a regulation issued by the Special Secretariat for De-bureaucratisation, Management, and Digital Government of the Ministry of Economy establishes governance guidelines for public procurement within the federal public administration. This regulation explicitly includes provisions for the incorporation of impact businesses in public procurement processes, aligning with the objectives of Enimpact, Brazil's Social Impact Business Strategy. The subject of government procurement will be addressed in a future study.

# Corporations



## Sustainability and inclusion in the supply chain has been gaining relevance and causing corporations to mature on the subject

Attention to the issue of Impact Procurement represents a milestone in the curve of evolution of Organizations in reading their social and environmental impacts. **It is noticeable that the level of corporate maturity on the subject is evolving from mitigating social and environmental risks towards leveraging positive systemic results, in response to the pressing need to develop the subject nationally and internationally.** According to data from the survey carried out for the first edition of the Ecea Cenarios, 8 out of the 10 companies surveyed consider the social procurement agenda to have a significant impact on the company.



**8 out of the 10 companies surveyed consider the social procurement agenda to have a significant impact on the company**

A significant part of this need comes from the regulatory pressures emerging around the world, especially on publicly traded companies. Currently, the International Sustainability Standards Board (ISSB) standard of the International Financial Reporting Standards (IFRS), used to report indicators related to social and environmental sustainability to the market, has gained relevance and adherence from new corporations.

Thirteen countries have already adopted the ISSB standard, while another 22 are already committed to adopting it in the near future.<sup>15</sup> In Brazil, the definitions set by the Comissão de Valores Mobiliários (CVM, the Brazilian Securities and Exchange Commission) have already been published (Resolutions 217, 218, and 219), aligning with the IFRS S1 and S2 standards of the ISSB. These regulations require the disclosure of data that demonstrates how sustainable practices impact business and corporate operations. Such data

must be reported in the activity reports for 2026.

Globally, the movement is the same. The European Union's Corporate Sustainability Due Diligence Directive (CSDDD) and complementary regulations, such as the EU Deforestation Regulation (EUDR), are redefining global procurement by incorporating environmental, social and governance considerations into corporate obligations. These demands tend to have a direct impact on Brazilian exports, as well as on the activities of foreign companies with production units in Brazil.<sup>16</sup> It is unanimous among corporations that regulatory pressure is certainly one of the key elements in unlocking the agenda within companies.



**“Obviously, I can’t risk shaping my agenda solely around regulation, but I use it to strengthen my position. A company accelerates its agenda in these cases either out of conviction, convenience, or, as a last resort, out of embarrassment”.**

*Corporate Sustainability Leader*

<sup>15</sup>The Global Reporting Initiative (GRI) Standard of the Global Sustainability Standards Board (GSSB) is the most common ESG standard. In 2024 it was used by more than 14,000 companies in 100 countries. The International Sustainability Standards Board (ISSB) standard, however, has been growing in relevance as it aggregates the GRI baselines and other standards in use on the market.

<sup>16</sup>2025, WEF. Role of Regulation in Supporting Social Procurement

## Tangible Impact

From the point of view of corporations, there is a clear separation between the social and environmental impact of their purchases - which in many cases creates complexity and doubts when prioritising procurement programs and policies. So far, most of the directional efforts have been focused on environmental sustainability, which highlights the urgency with which the climate change agenda and the preservation of biomes are being addressed. In addition to regulations, the greater maturity of environmentally-orientated businesses, especially in terms of carbon and waste management, the availability of more certification instruments and impact measurement mechanisms make the process of contracting and evaluating results simpler.

***This point highlights one of the most important challenges raised by the leaders consulted: the difficulty in making the impacts generated by their supply chain tangible and thus orienting procurement towards sustainability and inclusion.***

Especially with regard to the social agenda, the acquisition of supplies from inclusive suppliers, which bring together companies that generate a positive impact for economically vulnerable groups, still presents major challenges, especially due to the lack of certifications and mechanisms for measuring and monitoring results.

The lack of knowledge and heterogeneity of impact assessment tools, combined with the difficulty of collecting this data from impact businesses, makes the value proposition offered by these entrepreneurs meaningless.



**“I still see an immaturity on the subject. It looks very ethereal. The other day I heard something like “this is a company for good”. What is a company for good? The question is how I ground this criterion in my agenda.”**

*Corporate Sustainability Leader*

## Pricing and Efficiency

It's worth noting that in the supplier selection process, efficiency and price criteria are major deciding factors in procurement policies and practices - which can eventually reduce the competitiveness of sustainable and inclusive businesses in competitive processes. Impact businesses often produce on a smaller scale, with operating costs that may be higher than those of large national or international suppliers.

If, on the one hand, large corporations are important players in the development of the national economy, on the other, the rejection of local impact suppliers, who generate decent jobs and income and add to environmental preservation, represents a dissonance with the declared intention of a positive social and environmental impact.



**“There is a very narrow view of what impact procurement means. It is necessary to factor in all the added values in this equation”.**

*Corporate Procurement Leader*

This is still a major paradigm between the ESG (Environmental, Social, and Governance) Sustainability and Business pillars within corporations, which, in this context, advocate opposing directions, even though both perspectives are part of the company's overall strategy. In this regard, cross-sector collaboration is key to the success of impact procurement practices.

## Collaboration and engagement

Corporate leaders note that building knowledge and critical mass within companies is linked to a consistent engagement agenda.

For this reason, **the incorporation of impact suppliers in a strategic way depends directly on the buy-in of the entire company.** Starting with setting targets at management level, cascading policies to procurement teams, and emphasising the importance of selecting suppliers committed to social and environmental impact as mechanisms for reducing ESG risks and enhancing results.

Procurement-led initiatives, driven by sustainability teams' input and participation, tend to achieve greater success in both implementation and performance. Still in terms of collaboration, joint action with the Innovation teams is a significant opportunity to validate suppliers with a social and environmental impact within a test environment, thus reducing the corporation's exposure to risks in its chain.



**“One of the paths we've managed to carve is through innovation. Through innovation, we can gain what is almost a social licence to test”.**

*Corporate Sustainability Leader*

The success of collaborative actions is due not only to the possibilities for engagement but, especially, to the opportunities for knowledge exchange between sectors. Poor literacy in social and environmental sustainability and impact procurement is a challenge to be aware of. There is unanimous agreement that procurement teams are still far removed from the agenda, which creates significant obstacles in the definition and practice of procurement policies.

In the same vein, there is also the difficulty of recognising and identifying potential impact providers. Procurement leaders not only find it difficult to locate and identify these businesses, but also encounter significant challenges in understanding the differentials they present in relation to conventional companies, which brings us back to the question of metrics and certifications.

Corporate leaders point out that drawing up good practice manuals on impact procurement can be an important initial step in the acculturation and literacy of teams.

Beyond that, offering courses and training can not only raise awareness of the issue, but also open up opportunities to qualify professionals within companies.



**“For example, I would like to create a register of sustainable suppliers, but I’m unsure of the criteria I should apply”.**

*Corporate Procurement Leader*

## Strict Procurement Policies

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Another point that has kept impact businesses away from corporations is the rigidity of procurement policies. Corporate leaders point out that the documentation required for registration, the excessively strict rules for

compliance with the company's due diligence standards and the extended payment deadlines are the most critical points for those already looking to include these suppliers in their portfolio.

Current policies limit the formation of partnerships, hinder commercial agreements with social and environmental impact businesses and represent a delay in an increasingly dynamic and socially responsible market.



**In the survey conducted for this research, out of the 10 corporations consulted, 6 stated that they have specific programs or policies aimed at expanding procurement**

Essentially, specific programs and policies for the inclusion of impact suppliers include the establishment of more flexible criteria, selection and payment processes.

They begin to consider the needs of suppliers with sustainable practices, ensuring respect for the environment, society, and ethical standards.

This movement not only enhances transparency in negotiations but also fosters the development of long-term partnerships—while facilitating the growth and expansion of these businesses.



**“We also implement a distinct payment policy precisely to enhance the presence of these partners within the company. It all starts with the policy that is made available to everyone”.**

*Corporate Procurement Leader*

# Impact Businesses



## **Access for impact businesses to potential corporate procurement officers involves simplifying processes and reducing pressure in negotiations**

Market access is undoubtedly one of the biggest challenges for impact businesses in Brazil today, particularly for Organizations whose end or intermediary buyers—often procurement officers—are other businesses, commonly referred to as B2B and B2B2C models.

Establishing a good client portfolio and building long-lasting business relationships are fundamental elements for the growth and consolidation of these businesses and, consequently, for extending their positive impacts.

## Sales Process Management

Managing the sales process is a challenge from start to finish, an element that corporations are already aware of. Entrepreneurs say that locating those responsible for impact procurement in companies creates an obstacle right from the start.

**According to data from the survey carried out by Eoa Scenarios, the lack of intermediaries between entrepreneurs and potential clients is the main challenge for corporate sales, mentioned by 70.2 per cent of the Impact businesses consulted. The difficulty of identifying the main decision-makers in purchasing companies takes time and makes the activity less transparent and more time-consuming. What's more, it's also an element that makes it difficult to map and identify social impact suppliers, a challenge highlighted by corporations.**



**“It’s an issue of not knowing whom to reach out directly. In some companies, it falls under corporate social responsibility; in others, it is part of sustainability, procurement, or marketing, while in some, it is the responsibility of the procurement department itself. It ends up fuelling a culture that you can only get work with certain companies if you get a referral”.**

*Social and Environmental*

There are significant opportunities for bringing businesses and corporations closer together. A key point in this bridge is facilitating entrepreneurs’ access to strategic decision-makers. Networks of connections, networking events, mentoring with industry executives and even a digital platform for consulting key contacts within companies are solutions that have proved effective in meeting the needs of entrepreneurs, as well as mapping and identifying impact suppliers, which is a challenge for companies.

Once this barrier has been overcome, the bureaucracy of the hiring process is also an issue. The registration stage itself is often complex and requires documentation that smaller Organizations are not always prepared to provide. There is therefore a need for Impact businesses to be professionalised and structured to meet corporate requirements.

## Training and Development

Due to their different natures, the difficulties in communication and alignment between small suppliers and corporations present themselves as a very significant challenge in this interaction. For 36.8 per cent of the impact entrepreneurs consulted, the lack of knowledge about how to approach large corporations is one of the main obstacles they face.

These occur due to differences in processes, expectations and available resources. Often, businesses, as suppliers, have little structure to fulfil complex requirements, while corporations adopt rigid standards. This leads to gaps in the transmission of information, delays and misalignment of expectations.

In this sense, the creation of capacity-building networks for social and environmental impact businesses is a great opportunity to accelerate the maturing of commercial relations between these players.



**Supplier development programs are already practised in large corporations—the creation of similar initiatives aimed at impact suppliers could be mutually beneficial.**

## Predatory Negotiations

Added to the challenges faced by impact businesses are the tough negotiations and long payment terms practised by corporations. The pressure for big discounts coupled with long payment terms requires small entrepreneurs to have a high cash flow. **Entrepreneurs report that payment terms range from 60 to 180 days, making this type of partnership almost predatory for the cash flow of smaller businesses.**

These pressures on discounts and extended payment terms are mentioned as a major hindrance to negotiations by 29.8 per cent and 33.3 per cent of the impact businesses consulted by the Ecoa Scenarios survey.



**“To secure a contract, the negotiation with the Sustainability team is often lengthy. Involving multiple rounds of proposal adjustments, scope modifications, and price changes. When I reach the procurement department, they press us again: “Mate, can you cut 10% from this budget”?”**

*Social and Environmental*

The simplification of registrations and approvals, the creation of special policies for contracting and paying impact businesses have already been successfully tested in some large corporations, promoting agility and reducing bureaucracy in procurement processes. On the other hand, there are receivables anticipation initiatives being developed and tested by impact businesses.



**The collaboration between these stakeholders brings them closer together, creating better conditions for negotiation on both sides.**

# Entrepreneur Support Organization



## **Intermediary Organizations play a fundamental role in knowledge production, mediating and creating solutions for the convergence of demands and interests.**

With the mission of supporting the development of social and environmental impact businesses and their access to the market, the Entrepreneur Support Organization end up playing a strategic role in building commercial relationships. Even so, the knowledge and actions of intermediaries regarding the businesses ecosystem can and should be better leveraged in the area of sustainable, inclusive, and/or social procurement.

Historically, Entrepreneur Support Organization, concentrated in the south-east of the country, generate value by identifying and supporting businesses with a positive social and environmental impact in training programs, among other activities. These Organizations offer technical advice on various aspects of business management, including financial, commercial and team management. Consultancy, mentoring and acceleration are the services most frequently offered by intermediaries.

## Training for Market Access

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One of the challenges pointed out is the large number of comprehensive acceleration programs which often overlap, often causing social and environmental impact businesses to take part in multiple programs without a clear differentiation between the value generated by each one. This type of activity is currently offered by 52.6% of the respondent Entrepreneur Support Organization in the Ecoa Scenarios survey.

Leaders of Entrepreneur Support Organization highlight the **growing demand for support in accessing the market, particularly for businesses led by individuals from vulnerable groups.**

In response to these demands, we have seen the emergence of specific training initiatives aimed specifically at the commercial journeys of impact businesses, often built as open innovation programs and pilots with large contracting companies



**“We’ve heard a lot that their main interest isn’t in direct investment or resources, but rather access to qualified clients, since their career as entrepreneurs hasn’t allowed them to create a network of contacts”.** *Entrepreneur Support Organization*

## Ecosystem Activation

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In addition to identifying and providing technical assistance to impact businesses with a social and environmental impact, Entrepreneur Support Organization have also liaised with various players in the entrepreneurship, business, financial solutions and innovation ecosystem, including government and civil society players, to support business growth in a more

systematic way. Their work has gone beyond the commercial connection to an action that seeks to change market structures and incentives in order to unlock a more permanent socio-economic transformation through impact procurement.

## Approaching Corporations

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In the same vein, there is a clear understanding that bringing corporations closer together and participating in the construction of these initiatives is what can make them more powerful and effective. Not only to better inform content and development priorities but also to ensure that, by understanding the realities of these entrepreneurs, they are prepared to create more flexible and inclusive procurement policies. Initiatives with the more active participation of purchasing Organizations not only better prepared suppliers, but also resulted in improvements in the purchasing companies' protocols.

Entrepreneur Support Organization have been consistently working on creating solutions that bring impact businesses closer to corporations, addressing the direct needs of both parties. In this field, there are pioneering initiatives on both the social and environmental fronts that seek to provide meetings between corporations and impact businesses, known as matchmaking.

Various models of operation are being tested. One of them is curation projects, in which a careful analysis of demand and feasibility identifies strategic opportunities for impact businesses within corporations. As a result, the alignment between demand and supply could bring these businesses closer to corporations, facilitating commercial engagement between the parties.



**“We keep expecting the company to come forward with a protocol proposal, but the truth is that all of them are still at the beginning of this movement, even the big ones”.** *Entrepreneur Support Organization*

Another approach that has been explored is online mapping platforms, which identify the connection between the two players, giving them agility and autonomy in contracting. It is worth highlighting the contribution of intermediary Organizations in mitigating risk in matchmaking processes, pipeline curation and mapping platforms, by working with a base of businesses with which these Organizations have a close collaborative relationship that has often existed for years.

This contribution is also clear in the emergence of ‘double badge verification’ initiatives, in which international labels accept

verification of the impact and suitability of local partners, many of which are Entrepreneur Support Organization, as long as they meet common criteria.



**“We need to create a showcase to highlight success stories of small businesses that already have contracts and deliver high-quality results. Showcasing these case studies facilitates the entry of new businesses by building trust and establishing a foundation of success”.**

*Entrepreneur Support Organization*

## Literacy and Awareness

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On the corporate support front, another opportunity being developed by some intermediary Organizations is the creation of awareness and training programs for large companies on sustainable, inclusive, and/or social procurement. This directly addresses the early-stage nature and limited literacy on the subject, as highlighted by corporate leaders. Employee training on sustainability criteria, understanding the definition of impact and guidance on responsible choices can reinforce the culture of impact procurement in corporations.

Advocacy efforts with governments have also been on the radar of Entrepreneur Support Organizations, aiming to develop regulations that promote impact procurement. These initiatives corroborate the point of view of corporations, which believe that the presence of regulatory elements capable of stimulating and accelerating impact procurement is one of the definitive factors for a turning point in this area.

# Coalitions



## **Coalitions join forces to transform supply chains**

### **Sustainable Procurement Pledge**

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Based in Germany, the Sustainable Procurement Pledge is a global community of procurement professionals that aims to enable, empower and encourage the incorporation of sustainability throughout their supply chains. The Organization uses a gap-filling approach of knowledge, support, trust and leadership to unite 1 million procurement professionals by 2030, encouraging more sustainable and collaborative procurement decisions.

### **Buy Social Europe**

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This initiative seeks to leverage social responsibility in public procurement by building capacity and knowledge across Europe. The initiative involves a wide variety of stakeholders, starting with public authorities and social economy entities, through training and comprehensive outreach on social

media platforms. It is the largest network of businesses with a social purpose, working to create a fairer economy and a more sustainable future for all.

## **Purchasing with Purpose**

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Purchasing with Purpose operates in the United States, bringing together companies, driving Organizations and supporters who seek to prioritise social and environmental impact. The initiative fosters and strengthens local economies by offering resources for procurement officers to locate, identify and acquire products and services from businesses that meet fundamental standards of sustainability and social impact. One of them is People and Planet First, a low-cost certification that aims to avoid socialwashing and greenwashing practices.

## **Canadian Coalition for Green Health Care**

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This coalition has been active for over 20 years and its main objective is to empower individuals and Organizations to develop a more environmentally sustainable health system. To this end, they offer access to information on best practices, technologies and services available to reduce the environmental impact of healthcare systems. Of the 15 areas of interest declared by the coalition, there is one specifically geared towards sustainable procurement.

In addition to drawing up guides, reports and scientific content on the sustainability aspect of healthcare institutions, the coalition works on training and developing tools to facilitate the incorporation of sustainability into hospital operations.

# Case Study



## L'Oréal: Sustainability and Social Impact Commitment

L'Oréal, the world leader in beauty, recognises its role and responsibility as an environmental and social leader in the industry. Since 2013, with the “Sharing Beauty with All” program, sustainability has become central to the company’s strategy, enabling it to meet and exceed many of its initial targets, demonstrating the feasibility of reconciling economic performance with reducing environmental impacts, including the pursuit of carbon neutrality. This non-financial performance is audited in the same way as the financial results.

Continuing this commitment, the group has taken on a new challenge called “L'Oréal for the Future” with targets for 2030, which aim to empower the business ecosystem for a more sustainable world.

L'Oréal aims to engage all actors in the chain—clients, suppliers, and consumers—in the sustainable transformation, aligning the development policies of its partners with its own ambitious goals, which include empowering communities.

## Inclusion and Empowerment

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The Inclusive Sourcing program, created in 2010, is an example of L'Oréal's commitment to social impact. This social and inclusive sourcing program directs part of global procurement to suppliers who employ people from vulnerable communities, promoting sustainable access to work and income. The program seeks to combine economic success with positive social impact, focusing on the development of entrepreneurs and their employees. It operates in all regions where L'Oréal is present and covers all types of procurement, from raw materials to promotional items. Operating globally, Inclusive Sourcing adapts to local needs and covers various types of procurement.

In Brazil, the program supports local communities, benefiting families who make a living from selling sustainably extracted biodiversity ingredients, especially in the North and Northeast regions, by producing products with sustainably extracted biodiversity ingredients. L'Oréal buys natural raw materials such as camu-camu, coconut, murumuru, cupuaçu, babassu, pracaxi, soya and white clay, in partnership with suppliers who guarantee environmental preservation and a fair income for the beneficiaries. Since 2017, groups of extractivists in communities in Pará and Maranhão have been covered by Benefit Sharing projects, which offer training and support to strengthen cooperatives and sustainable practices. In 2020, the Inclusive Sourcing program benefited a total of 734 people in projects across the country.

## Partnerships and Awards

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L'Oréal Brasil recognises and rewards its suppliers most engaged in sustainability, while also promoting actions that support diversity and inclusion. The event also emphasises the company's support for diversity and inclusion actions among its partners.

In 2020, L'Oréal Brasil made important partnerships. In collaboration with JOMED, RN Logística, and Scania, it launched trailers powered by biomethane, thereby reducing CO2 emissions.

## Inclusive Initiatives

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Currently, around 530 employees employed by suppliers are classified as socioeconomically vulnerable. L'Oréal Brasil is a pioneer in supporting employees of suppliers who are socioeconomically vulnerable and in promoting the employability of trans people. In partnership with the NGO (Non-Governmental Organization) Transempregos and the supplier Teleperformance, six transgender women were hired for the call centre, with a career plan and support. Another initiative, in partnership with Senai, offers training to refugee women, mainly from Congo and Venezuela, in the area of maintenance assistant, an area where qualified female labour is very difficult to find, diversifying a predominantly male work environment. Sixteen women have already taken part in training in the first wave of the project at the São Paulo factory, called Projeto ELAS (a program aimed at empowering women through skill development and employment opportunities). They will produce the second wave of the project in 2025, this time with an expanded focus, still on women, but in various situations of vulnerability. To this end, they have a partnership with the LGBT Chamber, for example, to publicise the program.

## Environmental Sustainability

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Since 2007, L'Oréal<sup>17</sup> has been implementing strategies to achieve zero deforestation through a sustainable supply of raw materials susceptible to environmental degradation. Since 2012, 100 per cent of palm oil and its derivatives have been certified as sustainable, with 92 per cent traceability back to the factories. In 2020, 100% of Latin America's soya oil was certified as sustainable, and all the paper used in packaging comes from responsibly managed forests.

The eco-design tool, called the "Sustainable Product Optimisation Tool" (SPOT), assesses and improves the environmental and social impact of products from the earliest stages of development. Currently, 59 per cent of raw materials are renewable, with 87 per cent coming from certified sustainable sources. The eco-design initiative also covers packaging and advertising materials used in point-of-sale (POS) displays.

## Corporate Support

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L'Oréal's Executive Committee has a bonus line that aims to increase the number of beneficiaries of the Inclusive Sourcing program, demonstrating corporate support for the initiative and encouraging the search for diverse suppliers.

## Diversity and Inclusion as a Criterion

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L'Oréal has implemented a scoring system for selecting suppliers that values diversity and inclusion. The selection process is based on technical and commercial criteria, with pricing being an important factor. Nonetheless, diversity is a differentiator that guarantees extra points in the technical evaluation, putting diverse companies at an advantage.

<sup>17</sup> L'ORÉAL. Sharing Beauty With All – 2020 Sustainability Report Brazil. (Relatório de Sustentabilidade 2020 Brasil).

It works as an incentive for partners to become more diverse, since this characteristic is a positive point in the technical evaluation. L'Oréal considers different fronts of diversity, such as companies led by women, LGBTQIA+, Afro-entrepreneurs, people with disabilities, refugees, people over 50, socio-economically vulnerable people.

There are some partnerships with Organizations to certify the diversity of their suppliers. Nevertheless, some categories have yet to be formally recognised by the company's global headquarters, such as Afro-entrepreneurs. L'Oréal is working to ensure that these communities are recognised and their positive impacts accounted for. L'Oréal has a significant impact on the market, and reports from suppliers indicate that the Organization's contact and practices have served as a reference for hiring at other companies.

The company is constantly looking to adjust its processes in order to include diversity criteria when evaluating suppliers. It recognises that smaller, more diverse companies may find it difficult to compete on an equal footing with larger companies, which is why it is looking for ways to differentiate and value them. In short, this scoring system values diversity and inclusion in the selection of suppliers. This initiative seeks to promote a positive social impact, encouraging partners to become more diverse and to generate business opportunities for minority groups.

## Resistance from Departments in Hiring Diverse and Impactful Suppliers

**One of the main obstacles is resistance from some areas of the company, whether due to a lack of planning or attachment to the existing Organizational culture.**

Often, departments need quick solutions but do not have the time to wait for the registration of new suppliers. Lack of planning makes it difficult to find diversity. In addition, the Organizational culture of resistance to change is also a relevant factor.

Some areas may prefer to continue working with well-known suppliers with whom they have established a relationship of trust.

The need to explain processes and the habit of working with the same partners generates some resistance to change and the generation of opportunities for new suppliers with a focus on diversity.

Another obstacle is the complex and time-consuming registration system. The process requires signing various documents and sending contracts, which can take up to 15 days to complete. This system cannot be optimised, as it is interconnected with L'Oréal's global processes, making it difficult to contract a new supplier that is small or has traces of diversity.

Faced with this difficulty, L'Oréal has sought alternative solutions to make it feasible to contract different suppliers. One of the strategies adopted is the use of integrators. L'Oréal Brasil uses this integrator to fulfil the desired service, and the integrator is responsible for contracting, managing and paying the supplier. Examples include Link (promotional materials), BPOOL

(content production and, soon, events). In this way, L'Oréal bypasses the registration process and allows the company to prioritise diversity in its hiring, without compromising deadlines and urgent demands.

## Final considerations

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L'Oréal Brasil recognises that there are still challenges to overcome, but is committed to finding creative and effective solutions to promote diversity and inclusion in its hiring processes.

The company constantly seeks to reconcile its internal processes with its diversity objectives, demonstrating that it is possible to be a global company with well-defined rules and processes, while prioritising diversity and inclusion.

L'Oréal demonstrates an ongoing commitment to sustainability and social impact, seeking to align economic performance with environmental and social responsibility throughout its value chain.



# Research and Methodology

## Research and Methodology

Throughout the second half of 2024, we engaged with dozens of stakeholders, including corporations, businesses, and Entrepreneur Support Organizations from the social and environmental impact ecosystem, gathering insights that would lead us to a clearer understanding of the main goals, challenges, and opportunities inherent in structuring more inclusive, diverse, and sustainable supply chains.

The stakeholders selected to be part of this initial investigation are:

- **Corporations:** large companies, generally market leaders or sector references, that are seeking to align their procurement strategies with sustainable objectives.
- **Entrepreneurs:** social businesses aimed at offering products and/or services aligned with sustainable objectives, and that are both willing and technically prepared to supply Organizations in the Business-to-Business (B2B) model.
- **Entrepreneur Support Organizations:** institutions that foster entrepreneurship by mobilising the ecosystem and supporting small entrepreneurs. They typically operate as accelerators, incubators, and innovation consultancies, supporting both businesses and corporations while bridging the gap between them.

## Four Pillars of Study

### 1. Consultation Sessions

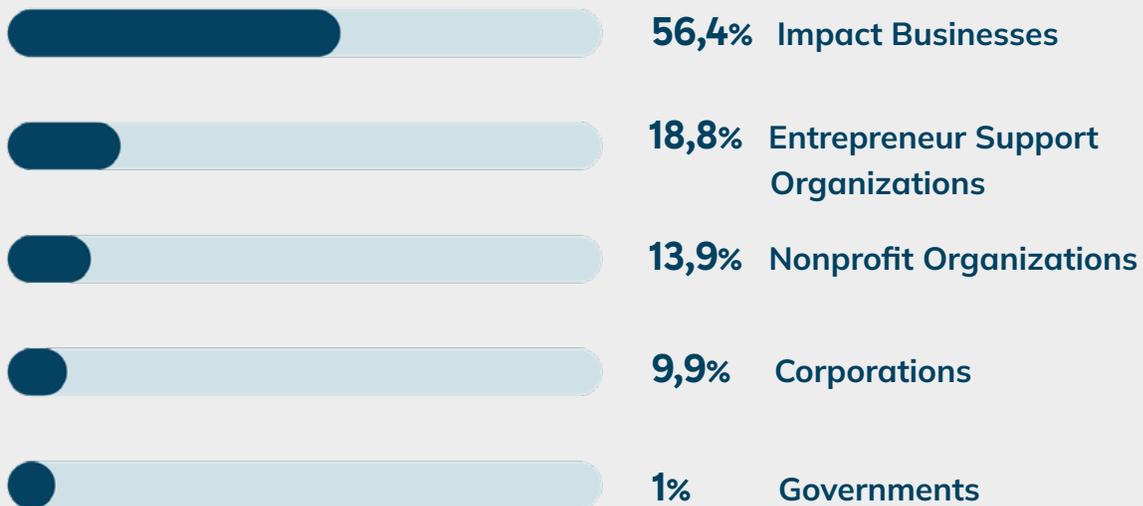
#### 35 stakeholders interviewed

across 10 online focus group sessions. Leaders in procurement and sustainability, along with those responsible for impact procurement within companies, ecosystem Entrepreneur Support Organizations and impact entrepreneurs, were interviewed for this research.

### 2. Quantitative Survey

A questionnaire was created and distributed to various stakeholders in the impact ecosystem and corporations to gather an initial understanding of how the topic is addressed within Organizations.

In this pillar, we had 101 respondents, including:



### **3. Co-Creation Workshop**

#### **40 participants**

involved in the co-creation session that took place during the Eoa Forum, held in November 2024.

In this session, opportunities for action were discussed in response to the main challenges identified during the consultation sessions.

### **4. Secondary Data Research**

Information already available on the subject was gathered, with a specific focus on the work of international coalitions that promote impact procurement in regions such as Europe and the United States.

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