Greening the supply chain

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Agenda

01 What might make sustainability an issue in your business – what trends are we seeing?

02 The push from the public sector

03 Practical steps to drive forward ESG priorities

04 Being active in the sustainability journey

05 Drafting supply chain contracts in a climate-conscious way

What might make sustainability an issue in your business - what trends are we seeing?

Investor pressure

Net zero commitments

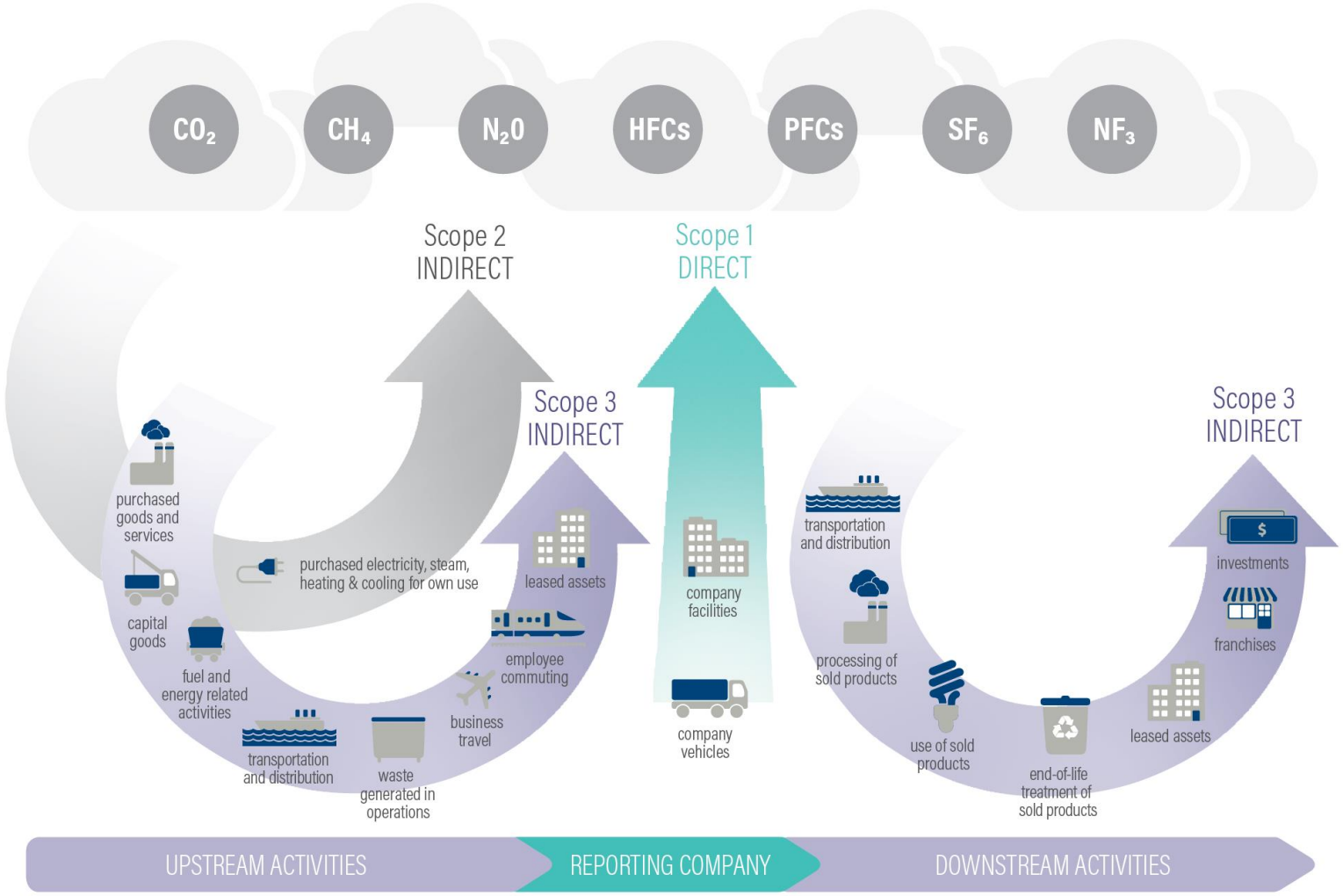
Attracting talent

New requirements imposed by customers

Long term resilience

Sustainability in a broader sense

Reducing GHG emissions



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What else is driving the push to net zero in the supply chain?

Cabinet Office's Procurement Policy Note 06/21

- Commit to Net Zero if bidding for public sector contracts over £5m p/a
- Carbon Reduction Plan, setting out
    - supplier's commitment to achieve net zero in UK by 2050
    - Details of scope 1, scope 2 and some scope 3 emissions
    - Emission reduction targets
    - environmental management measures, inc. certification schemes and carbon reduction measures
    - Publication of the CRP on websites
- Likely impact on private sector contracts

Cabinet Office

What else is driving the ESG agenda?

- Potential competitive advantage
- Tailored and specific obligations
- Corporate policies
- International standards

Practical steps

The sustainability journey & other ESG priorities

Looking beyond the carbon toe print:

- product lifecycle?
- materials & packaging?
- transport?
- services?

Implementing ESG priorities into the supply chain

- Review your supplier due diligence / RFP questions
  - How will you use the information provided?
    - Overall assessment?
    - Contractual baseline?
- Supplier code of conduct
- Challenge – are strategic decisions taking account of sustainability priorities?
- Consider joining a group initiative

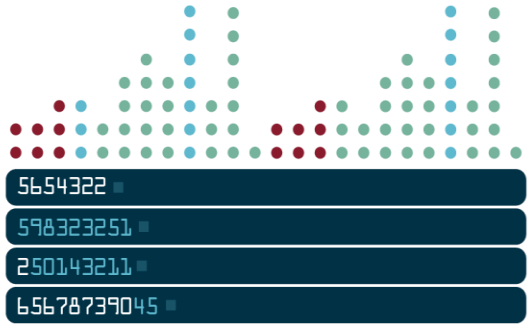
Adopting climate conscious drafting

- The Chancery Lane Project
    - 70+ ambitious clauses
    - Shift the dial and make climate conscious drafting that seems ambitious the norm
    - Make consideration of climate risk mainstream so that it is no longer thought of as a discrete environmental issue
- Consider how tailored clauses could be used in your business

What will be relevant and achievable?

Include clauses which drive your specific ESG priorities

- Reduction or ban on using single use plastics
- Delivery using EVs only
- Obligations to minimise waste – to recycle, re-use
- Measures that reduce carbon footprint
- Provide an annual GHG emissions and waste reduction report
- Demonstrate year on year reductions in emissions



Remedies for breach?

- Liquidated damages
- Damages
- Termination right

Thank you

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