

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Our top tips

Certified



Corporation

Introduction

Responsible supply chain management means considering social and environmental factors when choosing and then managing relationships with your suppliers. So effectively, not just going for the cheapest provider if that means a negative social or environmental impact.

More now than ever we are seeing a shift in corporate behaviour towards the concept of responsibility. Environmental, social and governance (ESG) factors are now a (if not, the) top priority of business leaders.

And this is not just a question of reputation. Yes, bad corporate behaviour is met with adverse media attention and there are high-profile examples of share value plummeting as a result. However, responsible supply chain management is increasingly finding its way into the legal arena through contracts, regulation and legislation.

In this guide we set out what we think you should prioritise when setting up and managing a responsible supply chain.

At Bates Wells we're well-positioned to talk about this subject as we're a B Corporation. If you're not familiar with the concept, B Corporations (B Corps for short) are purpose-led, profit-making businesses. They can't be charities or public sector organisations. But where they're different to traditional businesses is that they don't just exist for shareholder profit. They exist to advance a 'triple-bottom-line purpose: of people, planet and profit. Other B Corps you may have heard of are **The Body Shop, The Guardian, Coutts Bank, Cook Food, Ella's Kitchen, Brew Dog** and **Innocent**.

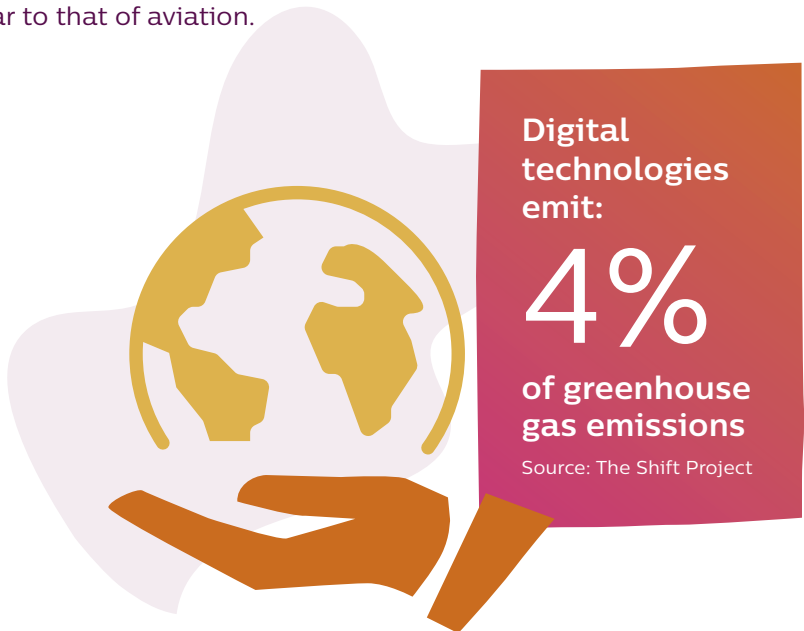
#1 Know who your suppliers are

If you were asked to name your top clients or customers, you could probably get your hands on this data very easily. But if you were asked for a list of your suppliers, it might take you a little longer.

You would be amazed how few businesses have a good understanding of who their suppliers are. And unless you know who your suppliers are how will you know whether they are acting responsibly?

We suggest you:

- **Create a supplier database.** This can be as simple as a spreadsheet.
- **Ask your staff** – maybe department by department - to input their suppliers into this list.
- **Consider all industries that you work with** – not just the most obvious ones. According to a 2019 study by **The Shift Project**, digital technologies emit 4% of greenhouse gas emissions (GHG), which is similar to that of aviation.



#2 Analyse your suppliers and their impacts

You could do some desktop due diligence on your suppliers to see what Google says about them and their practices. But a simpler and fairer way to analyse your suppliers is to ask them about what they do.

We suggest you:

- **Create a questionnaire** that covers the areas that you – as a business – are most interested in.
- **Think about your own values** and the practices that you have developed as a result.

We ask our suppliers about everything from their stance on the living wage and their policy on child labour to their approach to emissions, energy and plastics.



#3 Create and adopt a supplier code of conduct

While the law may soon codify supplier conduct, there's no need for your business to wait for legislation. We have a supplier code of conduct that all our suppliers must agree to if they want to supply to us. This ensures that any business selling to us is working towards the same goals that we are.

We suggest you:

- **Consider universal codes** that would apply to any supplier regardless of your or their sector, covering high level issues like workforce and labour issues, ethical sourcing and environmental commitments.
- **Consider sector-specific codes**, for example, a clothing business may have robust codes on the use of slave labour in the manufacture of its garments, or a food manufacturer may have codes requiring suppliers to only provide ingredients that meet a certain standard (for example, fair trade).



#4 Set goals for lessening your (and your suppliers') impacts

According to McKinsey & Co, 90% of companies' environmental impacts come from their supply chains (not their own practices). So ensuring your supply chain is sustainable is the best way of ensuring you manage your social and environmental impact.

We suggest you:

- Set your suppliers goals for how they can lessen their impact on the environment (for example, reaching net zero by a certain date) and their stakeholders (for example, paying the **living wage**).
- Consider adopting clauses into your supplier agreements that have a positive impact. **The Chancery Lane Project** has a range of climate clauses that can be adopted, for example, a clause aimed at reducing the use and wastage of water throughout a company's supply chain or obligations regarding the usage of materials and waste management to ensure consequential greenhouse-gas emissions are minimised.

#5 Review your suppliers regularly

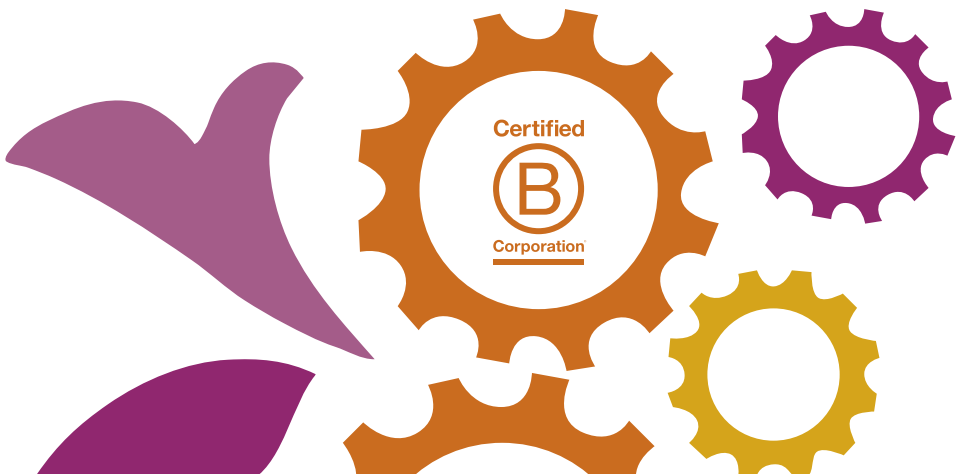
This isn't a one-off exercise. Make sure you're regularly assessing your suppliers and their activities.

And when you're retendering for goods or services, make sure that social value - as well as quality and price - are factors in your decision.

The Buy Social Directory or B Lab's register of certified B Corps can help you find suppliers that put ESG at the heart of what they do.

The **Buy Social Directory**, which is run by Social Enterprise UK, is a great place to find ethical suppliers. The directory is made up of social enterprises, which are businesses that reinvest their profits to address society's most pressing issues, from homelessness and unemployment to ethical trade and climate change.

B Corps, like Bates Wells, meet the highest standards of verified social and environmental performance and transparency to balance profit with purpose. A list can be found on **B Lab**.



How we help

As the first UK law firm to certify as a B Corp, we're ideally placed to advise you on your supply chain management. Get in touch today.



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Making a profit is core to all businesses but our goal is to combine this with a real social purpose. Our values are pivotal to us, they shape our decisions and the way we live and work.

We focus on positive social impact as much as we focus on being a successful law firm. Our top tier legal advice is coupled with a real desire to drive change and we were the first UK law firm to achieve B Corp certification, awarded to businesses that balance purpose and profit.

Today, our clients are diverse – from corporate household names, to public bodies, to start-ups. We're also the firm of choice for thousands of charities and social enterprises. We continue to lead the market we helped to shape.

Bates Wells challenges what is possible in legal expertise delivery.

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