

C L I F F O R D
C H A N C E



**SUSTAINABLE PROCUREMENT
PROGRAMME REPORT**
JULY 2023

OUR SUSTAINABLE PROCUREMENT PROGRAMME FOCUS AREAS & PROGRESS FOR FY23 (1 MAY 2022 – 30 APRIL 2023)

Our Sustainable Procurement Programme for the reporting period (*1 May 2022 – 30 April 2023*) has focused on measuring the sustainability and carbon performance of our key suppliers and improving data capture in EcoVadis, which has included a focused Sustainable Procurement Programme event in our APAC region to help raise awareness and encourage wider participation.

During the reporting period we have observed a **16%¹** reduction in our purchased goods and services category emissions against an FY20 baseline, and we have also seen improvement in our supplier metrics (please see page 10) including improved scores in diversity and inclusion and GHG emissions review and reporting. Whilst there has been progress, we have seen some supplier scores regress during the reporting period. We have also identified opportunities to expand the reach of our programme in FY24 to obtain more accurate baseline emissions data directly from suppliers, moving away from estimations derived from supplier spend to more accurate 'actual' emissions captured in EcoVadis.

FY23 has also seen us develop our supplier diversity programme approach and strategy, which remains an area of focus for FY24.

OUR PROGRESS:

Supplier Code of Conduct & Standards:

We continue to review our approach to supplier relationship management and create transparency when it comes to the minimum standards we expect from our suppliers and explore ways that we can make it easier and simpler for them to engage with us through the automation of our processes and procedures.

Our Supplier Code Of Conduct sets out our expectations of our suppliers; it acts as our statement of intent as to what is important to us and what we in turn expect of our suppliers. As part of our annual review, the standards have been carefully reviewed to make sure that all suppliers regardless of size should be able to meet these standards without the need to invest significant time or effort. You can read more on our website.

We seek to review and report adoption of our Supplier Code of Conduct by our key suppliers on an annual basis and work with them to ensure the right processes and procedures are in place as part of day-to-day management and oversight.

Sustainable Procurement Programme Maturity Assessment:

In October 2022, Clifford Chance participated in an external maturity assessment and review of our Sustainable Procurement Programme with EcoVadis, to help review areas of opportunity and continuous improvement, including, but not limited to programme growth and data capture and accuracy. We will continue to monitor our policies, processes and programme.

100% of our key suppliers acknowledge the principles of our supplier code.²

¹ DISCLAIMER: BASED ON IEA DATA FROM THE IEA (2022) EMISSIONS FACTORS, WWW.IEA.ORG/DATA-AND-STATISTICS. ALL RIGHTS RESERVED; AS MODIFIED BY CLIFFORD CHANCE LLP. REPORTING PERIOD – 01/05/2022 – 30/04/2023

² BASED ON ANNUAL SUPPLIER DECLARATION EXERCISE – FINANCIAL YEAR ENDING 30 APRIL 2023. OUR KEY SUPPLIERS COMPRISE OUR TIER 1 AND 2 SUPPLIERS.

OUR SUSTAINABLE PROCUREMENT PROGRAMME FOCUS AREAS & PROGRESS FOR FY23 (1 MAY 2022 – 30 APRIL 2023) (CONTINUED)

OUR PROGRESS (CONTINUED)

APAC Sustainable Procurement Programme Event:

In November 2022, we held a virtual Sustainable Procurement Programme event in our APAC region. This has resulted in 34 companies from the region confirming participation in our programme. We will seek to expand this in FY24.

The event included an introduction from the General Manager for Australia, an overview of our programme, and two focus group sessions; one on the environment and one on human rights and modern slavery. The sessions focused on the importance of activating our values, sharing knowledge and best practice, and looking at how we can collaborate and work with our key suppliers to deliver on our sustainability goals.

FY23 Modern Slavery Risk Assessment:

We have taken our FY23 spend data and active supplier list and reviewed all those suppliers in sectors identified by our external modern slavery consultant as the highest risk for modern slavery; cleaning, construction, hospitality (catering and hotels), transportation (airlines and car services); and electronics. The total number of global suppliers reviewed has increased from our 'top 100 global spend suppliers' in FY22 to a total list of 542 global suppliers for the reporting period.

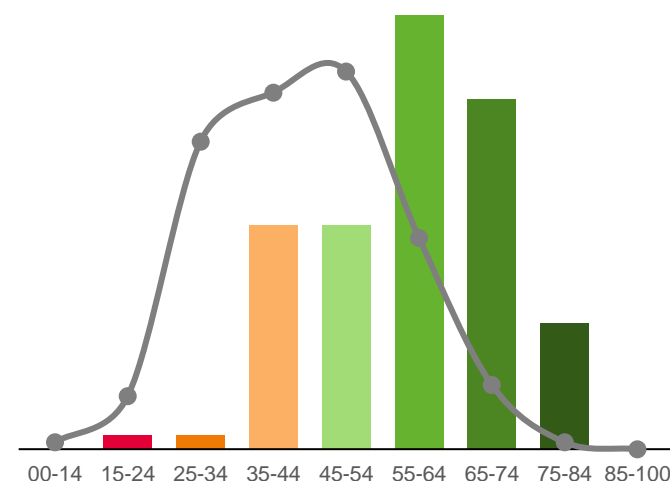
EcoVadis Sustainability & Carbon Performance Reviews:

Through our [Sustainable Procurement Programme](#) and engagement with sustainability ratings provider EcoVadis, we have received sustainability and carbon scorecards for our key suppliers, which has helped us to better understand their positive and negative environmental and social impact and allowed us to work with them to support any corrective action. The assessments are tailored to each supplier and how they operate, with the intention of building relationships that foster continual improvement.

The scorecards can be accessed by other EcoVadis clients, which means any improvements in performance can have a positive influence on suppliers' business prospects as well. Where we have identified suppliers with an environmental, labour and human rights, ethics or sustainable procurement score below the recommended average during the reporting period, as indicated by EcoVadis, we have connected with them to support improvement.

The diagram below shows the breakdown of suppliers that have achieved a medal within our portfolio (a score of >50 and above), including bronze, silver, gold and platinum ratings.³ The grey line represents the EcoVadis benchmark.

Score Distribution



48% of suppliers have an EcoVadis score of >59/Silver Medal.⁴

We aim to work with our suppliers to support corrective action and help them to achieve silver and above.

³ PLEASE REFER TO ECOVADIS [WEBSITE](#) FOR ELIGIBILITY CRITERIA.

⁴ BASED ON CURRENT VALIDATED SCORECARD INFORMATION ON ECOVADIS. 66 OF OUR KEY SUPPLIERS HAVE BEEN RATED THROUGH ECOVADIS SO FAR, WITH 27 ASSESSMENTS IN PROGRESS FOR THE REPORTING PERIOD ENDING 30 APRIL 2023.

OUR SUSTAINABLE PROCUREMENT PROGRAMME FOCUS AREAS & PROGRESS FOR FY23 (1 MAY 2022 – 30 APRIL 2023) (CONTINUED)

OUR PROGRESS (CONTINUED)

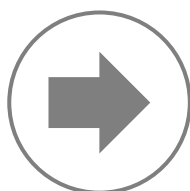
EcoVadis Sustainability & Carbon Performance Reviews (CONTINUED)

We assess the sustainability performance of our key suppliers on an annual basis. **71%** of our key suppliers have been independently reviewed by EcoVadis as part of our [Sustainable Procurement Programme](#). Since their last assessment:⁵



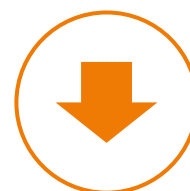
68%

of supplier scores
have improved



8%

of supplier scores
remained the same



24%

of supplier scores
have regressed

68% of our suppliers' scores have improved – that's a **5%** improvement since [FY22](#).

8% of our suppliers' scores have remained the same and **24%** of our suppliers' scores have regressed – we have observed some suppliers that have not improved their sustainability performance since FY22 and/or activated corrective actions based on improvement areas. Where global standards may have increased this could have had an impact on their score, particularly where improvement areas have not been addressed from previous sustainability assessments. 27 scorecards have not yet been reviewed and validated by EcoVadis.

We have implemented corrective action plans to support continuous service improvement and engaged with any suppliers where their score did not meet our minimum threshold and/or where we have observed a decline in their sustainability performance. We have also followed up with suppliers who have allowed their scorecard validity to elapse.

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OUR SUSTAINABLE PROCUREMENT PROGRAMME FOCUS AREAS & PROGRESS FOR FY23 (1 MAY 2022 – 30 APRIL 2023)

(CONTINUED)

OUR PROGRESS (CONTINUED)

EcoVadis Sustainability & Carbon Performance Reviews (CONTINUED)

One of our IT suppliers has recently undergone its annual sustainability assessment, which when they first completed it in FY21 identified shortcomings in the labour and human rights pillar, as well as other pillars related to its ethical practices and controls, and meant that it did not receive a medal from EcoVadis. In response, we worked with this supplier to support education, awareness and progress against identified corrective actions as part of service review meetings. In FY22 the supplier was awarded a bronze medal, and in FY23 they have increased their score and been awarded a silver medal for their sustainability performance.

Supplier Onboarding Process Automation:

We completed the automation of our Procurement Risk Questionnaire (PRQ) and Supplier Assessment Questionnaire (SAQ) templates in Fusion, our risk management solution to better facilitate the identification of third-party risks, including modern slavery, information security, data privacy, etc. and enable further due diligence if suppliers are considered high risk or very high risk. We implemented alerts to flag 'high' or 'medium' risk categories to enhance visibility of potential risks associated with our suppliers and have tested and piloted our questionnaires ready for a wider launch in FY24. Please refer to our [website](#), which provides more detail.

Contract Template Review:

We undertook a review of our contract templates and guidance in FY23 and updated our Global Procurement Policy to provide greater transparency regarding the process steps for supplier selection, contract award, execution and ongoing management.

SRM Learning Programme:

We formally launched our Supplier Relationship Management (SRM) Learning Programme to five cohorts in FY22 comprising our Contract Managers and Owners. The training covered the pillars of our Supplier Relationship Management (SRM) Framework, inclusive of risk management and mitigation. The risk management training module included a case study exercise, which invited colleagues to consider the impact, likelihood and remedial action required to address risks associated with their suppliers. We have successfully trained five cohorts with **50** participants trained for FY23. We have launched a further five cohorts for FY24 to support continuation of our programme.

Voice of Supplier Survey:

Each year we issue a Voice of Supplier survey to our key suppliers.⁶ The survey is mapped to our sourcing and supplier management processes and approach and helps us to understand how Clifford Chance is perceived as a client and areas where we can improve or develop our internal and external processes within our supply chain. For the reporting period we have observed a **5%** increase in the supplier response rate, and we've gone from 82% of our suppliers seeing us a customer of choice to **83%**. Process simplification, standardisation and automation remains a priority for FY24.

Supplier Diversity Programme:

Over the last year we have observed an increased level of focus from our clients, which has helped to provide pace to the development of our Supplier Diversity Programme and given us an opportunity to build upon the foundations of our [Sustainable Procurement Programme](#). We will continue to focus on implementation of our programme during FY24. Please refer to [page 6](#), which provides more detail about our approach.

⁶ OUR KEY SUPPLIERS COMPRISE OUR TIER 1 AND 2 SUPPLIERS.

OUR SUSTAINABLE PROCUREMENT PROGRAMME FOCUS AREAS & PROGRESS FOR FY23 (1 MAY 2022 – 30 APRIL 2023)

(CONTINUED)

OUR PROGRESS (CONTINUED)

How we developed our approach to diversity & inclusion:

Diversity and inclusion is an integral part of our business strategy and is critical to our success as Firm. As we ‘partner with purpose’, we seek to promote sustainable procurement, to increase diverse and underrepresented population groups, and to deliver positive economic growth within an inclusive supply chain.



Strategy & Purpose	Our Approach	Our USP	Key areas of our Programme
<ol style="list-style-type: none"> 1. We set our success criteria – we considered what we could realistically achieve in 1-3 years and how we report progress. 2. We aligned our strategy to our firm inclusion and responsible business strategy. 3. We wanted to keep it authentic to Clifford Chance. 4. We identified the suppliers we target as part of our programme. 	<ol style="list-style-type: none"> 1. We considered our portfolio and categories where diverse suppliers could be engaged via our Tier 1 or Tier 2 suppliers. 2. We connected with other organisations, including clients, to explore ways we could learn and improve supplier diversity and develop our programme. 3. We connected with our Inclusion and Pro-Bono teams to help map our programme to social justice initiatives and identify areas of opportunity. 	<ol style="list-style-type: none"> 1. We explored how we could leverage our Clifford Chance pro-bono offering to provide legal and non-legal support, briefings and master classes to social enterprises. 2. We explored how we could leverage our external networks to identify opportunities for collaboration and access to social justice initiatives. 	<ol style="list-style-type: none"> 1. Raising Awareness 2. Professional Development & Mentoring 3. Third Party Engagement 4. Data Capture & Analysis

OUR SUSTAINABLE PROCUREMENT PROGRAMME – REVIEWING OUR EMISSIONS

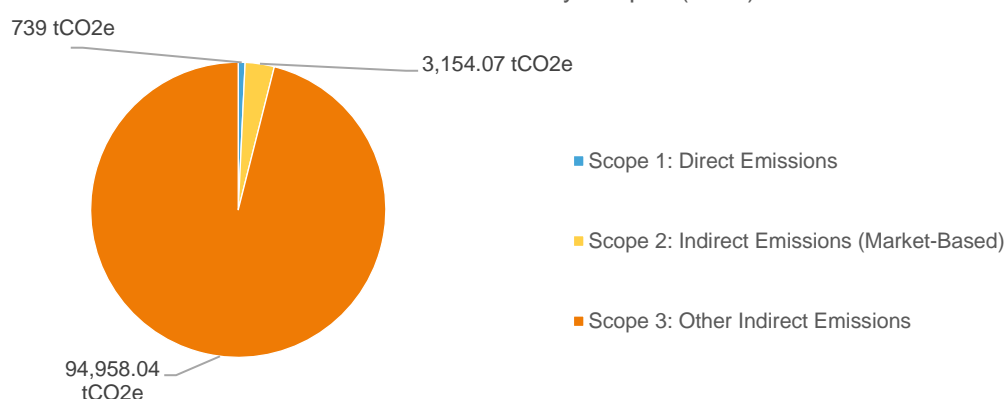
We have set near-term science-based targets; we aim to reduce absolute scope 1 and 2 GHG emissions by 80% by 2030 from an FY20 base year, and to reduce absolute scope 3 GHG emissions 47% within the same timeframe.

In March 2022, our near-term targets were independently assessed and validated as a key element to our longer-term aim of being net zero. We know that a key element to becoming net zero is to understand our carbon footprint and where the emissions across our value chain originate. Our largest emissions reside within scope 3, **96%**, and a recent review of our emissions during the reporting period has shown that **66%** of our scope 3 emissions sit within our purchased goods and services category.⁷

Scope/Category		Location /Metric	Reporting Year FY2023		FY20 (Baseline year)		Variance to FY20
			Emissions (tCO2e)	Share of Parent Category (%)	Emissions (tCO2e)	Share of Parent Category (%)	Change (%)
1	Direct Emissions	Operations	739.00		1,304.00		-43%
2	Indirect Emissions (Location-Based)	Operations	7,541.39		8,602.00		-12%
2	Indirect Emissions (Market-Based)	Operations	3,154.07		3,869.00		-18%
	1 + 2 (Location-Based)	Operations	8,280.39		9,906.00		-16%
	1 + 2 (Market-Based)	Operations	3,893.07		5,173.00		-25%
3	Other Indirect Emissions	Value Chain	94,958.04		126,521.36		-25%
	1 + 2 (Location-Based) + 3	All	103,238.43		136,427.36		-24%
	1 + 2 (Market-Based) + 3	All	98,851.11		131,694.36		-25%

Total Footprint

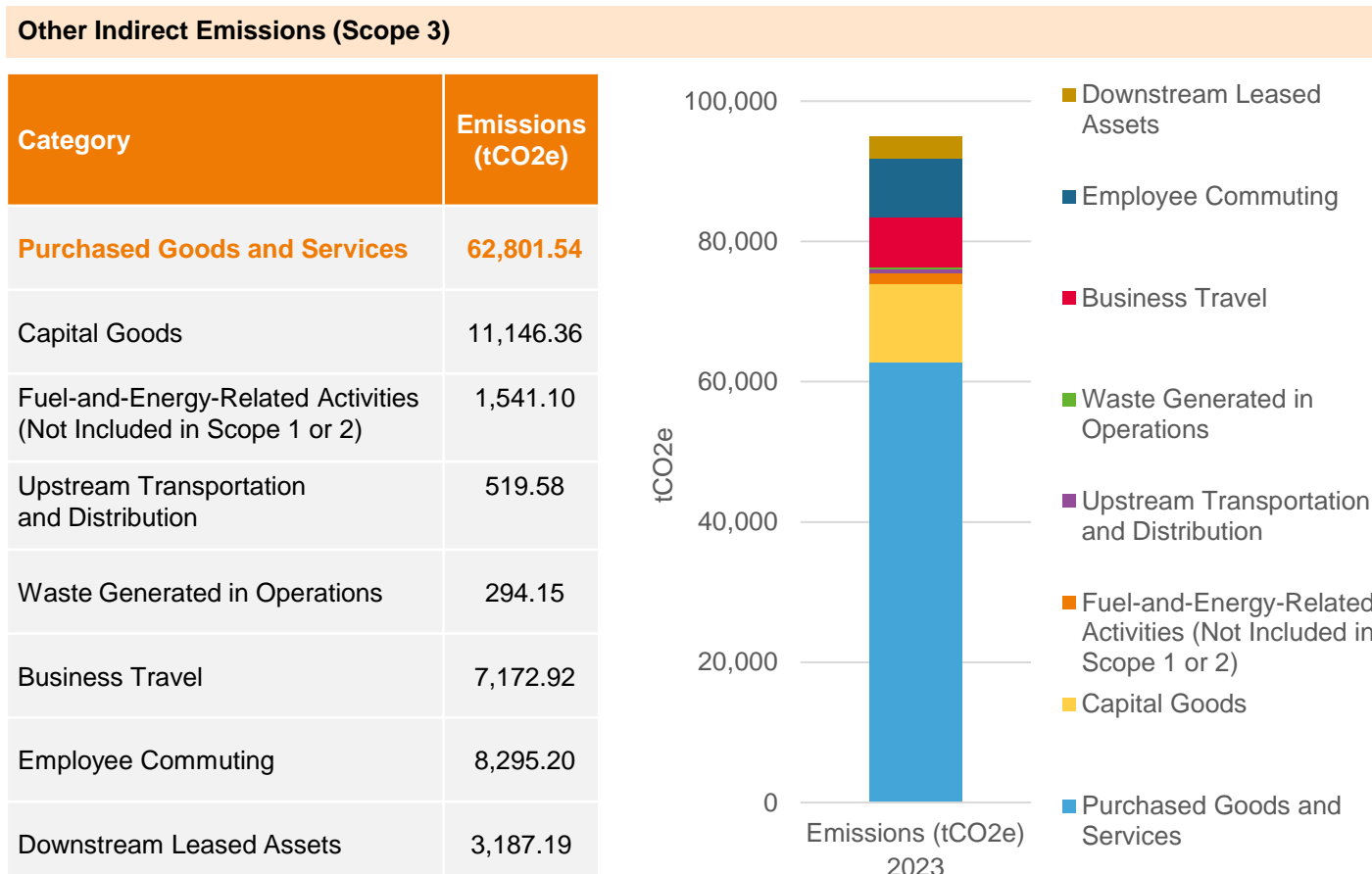
Total Emissions by Scopes (2023)



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OUR SUSTAINABLE PROCUREMENT PROGRAMME – REVIEWING OUR EMISSIONS (CONTINUED)

Our largest emissions reside within the purchased goods and services category:



During the reporting period we have observed a **16%** reduction in our purchased goods and services category emissions against an FY20 baseline. This is largely because we have been able to use supplier specific emissions factors⁸ to help reduce our reported emissions, however, we have also noted a heavy reliance on spend data where supplier emissions have not been provided. We know, therefore, that that we have more to do in FY24 to obtain more accurate baseline emissions directly from suppliers, moving from estimations derived from supplier spend to more accurate ‘actual emissions captured in EcoVadis.

We’ve observed that the percentage make-up of our purchased goods and services category within scope 3 has increased in the year ending 30 April 2023 from **59.5%** to **66%** even though we’ve been able to reduce our overall supply chain emissions for the reporting period by **16%**. This has demonstrated a greater reliance on third parties by the firm. Whilst there are benefits of use of third parties, we know that reliance on them can expose our firm to the risk of our suppliers’ management and infrastructure. It increases the complexity of risk management, as it is inherently difficult to understand the processes, procedures and inner workings of our suppliers and can introduce the types of risk to which our firm may not have previously been exposed. This includes, but is not limited to, concentration risk, location risk, legal and / or jurisdiction risk, noting that the supplier may be operating in high-risk countries.

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OUR SUSTAINABLE PROCUREMENT PROGRAMME – REVIEWING OUR EMISSIONS (CONTINUED)

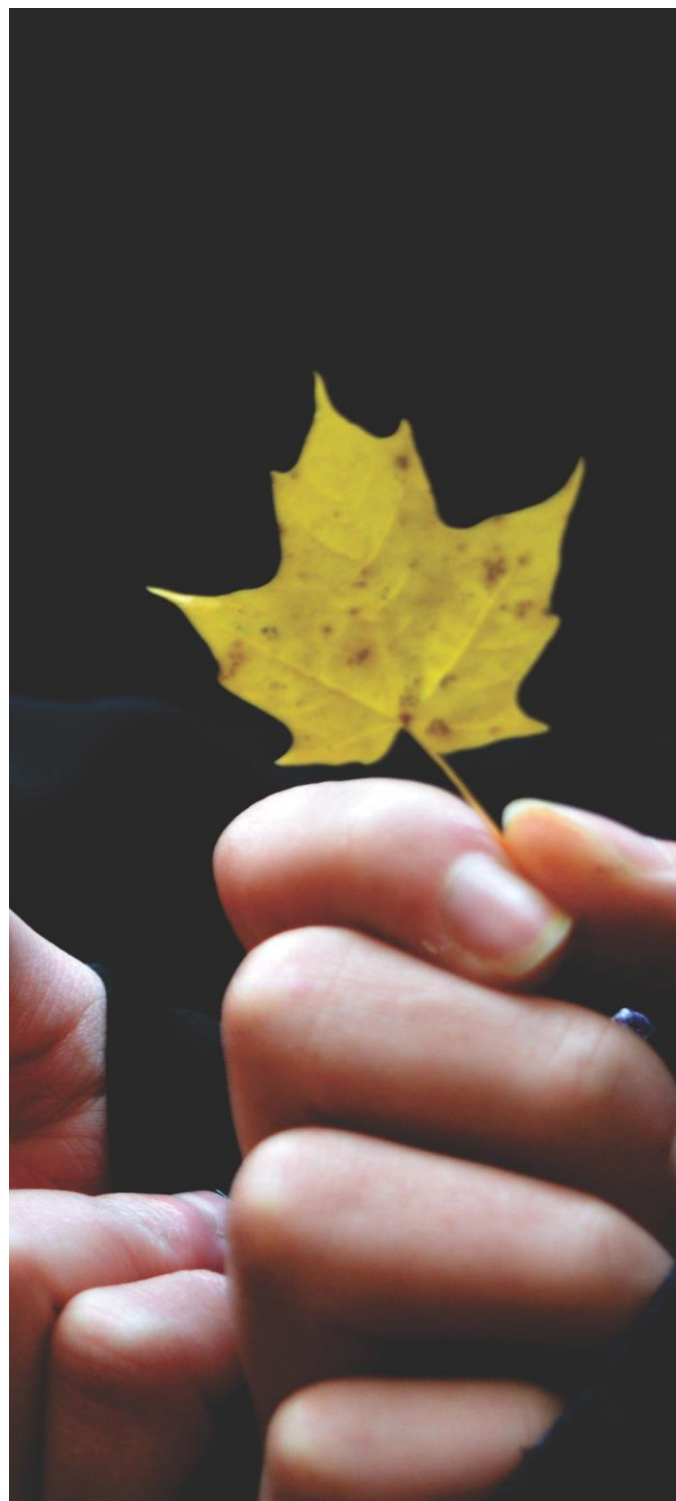
To support us to achieve our near-term science-based targets, we seek to continue to expand the reach of the [Sustainable Procurement Programme](#) to better identify ESG risks associated with our suppliers and to obtain more accurate baseline emissions data directly from them, moving from estimations (derived from supplier spend) to more accurate 'actual' emissions captured in EcoVadis.

To support effective decarbonisation of our supply chain, we are seeking to expand our engagement with our suppliers as part of our programme to support suppliers to take positive steps towards measuring their carbon reduction and setting science-based targets, including providing metrics through EcoVadis. The monitoring through EcoVadis provides, through validation, the practical steps that our suppliers are taking to minimise their environmental impact. It also provides visibility of low environment scores and supports corrective action planning and consultation with suppliers to support direct and indirect GHG emissions reduction.

Through our Sustainable Procurement and Supplier Management programmes, we're focused on enhancing our supplier risk management approach and in FY24, as part of the procurement of new tools, focused on country, industry and country risk assessment, we're hoping to review global or regional economic disruption arising from the impact on sectors with supply chains that are heavily concentrated in areas of high physical risk.

For more detail regarding our approach and expectations for our suppliers, please refer to our supplier management [website](#).

For more detail regarding our Responsible Business strategy, including our emissions data, please refer to our Responsible Business [website](#).



SUSTAINABLE PROCUREMENT PROGRAMME SCORECARD

The scorecard below is based on validated scorecard information for the financial year ending 30 April 2023.⁹ There has been a marginal shift in scores between FY22 and FY23, which we are addressing as part of supplier service review meetings and through corrective action plans. We have seen a positive increase in the percentage of suppliers taking action to promote diversity and inclusion and reviewing their energy consumption and GHG emissions, which has supported more accurate emissions reporting for FY23.

Description	Unit	FY21	FY22	FY23	Status
Annual Supplier Code Declaration	%	88	100	100	➡
Key Suppliers – Sustainability Performance⁵					
Key suppliers with a policy on corruption	%	90	90	94	⬆️
Key suppliers with an active whistleblowing procedure in place	%	86	87	71	⬇️
Key suppliers with a whistleblowing procedure on labour and human rights issues	%	78	82	71	⬇️
Key suppliers with a whistleblowing procedure on ethics	%	84	84	87	⬆️
Key suppliers taking actions to prevent discrimination and/or harassment	%	67	68	85	⬆️
Key suppliers taking actions to remediate discrimination and/or harassment	%	78	81	72	⬇️
Key suppliers taking action on energy consumption and GHGs	%	69	69	83	⬆️
Key suppliers that have waste management procedures in place	%	71	71	83	⬆️
Key suppliers reporting on energy consumption and GHGs	%	61	61	67	⬆️
Key suppliers taking action to promote diversity and inclusion	%	61	71	91	⬆️
Key suppliers reporting on diversity in executive positions, including minority groups and gender	%	59	55	59	⬆️
Key suppliers reporting on CO2 emissions	%	53	52	66	⬆️
Key suppliers taking action in favour of disabled workers	%	49	48	50	⬆️
Key suppliers using renewable energy	%	43	48	63	⬆️
Key suppliers that are part of the Science Based Targets Initiative	%	39	42	45	⬆️
Key suppliers that are a participant of the UN Global Compact	%	37	37	43	⬆️
Key suppliers reporting on labour and human rights issues	%	33	32	32	➡
Key suppliers reporting on health and safety indicators	%	27	24	21	⬇️
Key suppliers that have evidence of actions on employee health and safety issues	%	82	84	96	⬆️
Key suppliers that have evidence of actions on working conditions	%	92	89	97	⬆️
Key suppliers that have a collective agreement on diversity, inclusion and/or harassment.	%	6	6	6	➡

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WHY CLIFFORD CHANCE
OUR INTERNATIONAL NETWORK



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1. AS&H Clifford Chance, a joint venture entered into by Clifford Chance LLP.

2. Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.

CLIFFORD CHANCE

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