

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

RESPONSIBLE BUSINESS REPORT 2024

**SUSTAINABLE
PROCUREMENT
PROGRAMME**



Contents

Our commitment to [act responsibly](#) means working collaboratively with our suppliers and ensuring the right processes, procedures and controls are in place as part of our end-to-end supply chain. We believe that by providing a clear set of guidelines, and developing strong and trusted relationships with our suppliers, we can maintain the high ethical and professional standards we pride ourselves on, and deliver on our social, economic and environmental

commitments. We seek to partner with suppliers who share our commitments and approach, and work with them to ensure they are meeting the principles of our [Supplier Code of Conduct](#).

01

Progress Overview and Highlights

Financial year 2024 saw market volatility and geopolitical tensions, as well as greater investment in clean energy technologies, infrastructure and continued focus on cyber and operational resilience globally.

Over recent years, the frequency and impact of supply chain attacks has escalated. This places greater importance on supplier assurance, particularly where the reliance on suppliers for essential services and infrastructure has risen and left businesses vulnerable to potential exploitation through third or fourth parties. Coupled with this, cloud transformations and rapid technological developments have brought their own challenges. New and emerging technology, such as AI, raises concerns across data privacy, security and regulatory compliance, requiring thorough review and considered implementation.

During the reporting period ending 30 April 2024, we invested in continuing to strengthen capabilities across Procurement to ensure adoption of market-leading procurement practices globally. Our focus during the reporting period included the appointment of a new Sustainable Procurement Manager and the advertisement of a new Supplier Risk Manager and Sourcing Manager (Real Estate).

‘Ramping up practical climate solutions’, ‘enhancing global efforts to strengthen resilience’, and ‘linking climate action with nature conservation’ were some of the key highlights from COP28 and these, along with other global outlooks and new and emerging regulations informed our continued efforts to measure the sustainability and carbon performance of our key suppliers, increase the frequency of supplier assessment and review and improve data capture in EcoVadis and Fusion during the reporting period.



Progress Highlights

We appointed a Sustainable Procurement Manager

100%

of our key suppliers acknowledge the principles of our Supplier Code¹

96%

of our key suppliers are taking action to promote diversity and inclusion.

83%

of our key suppliers see Clifford Chance as a 'Customer of Choice.'

53.5%

of our key suppliers are part of the Science Based Targets initiative (SBTi)

47.9%

of our key suppliers are participants of the UN Global Compact.

47.6%

of supplier scores have improved as part of our Sustainable Procurement Programme.

60

people are now part of the Black Women in Procurement network.

We automated our supplier onboarding, due diligence and risk management processes; we executed

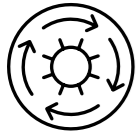
541 Procurement Risk Questionnaires (PRQs) and

300 Supplier Assessment Questionnaires (SAQs) through Fusion.

02

Focus Areas and Progress

Procurement and Supplier Management Programme Updates



Supplier Onboarding & Process Automation

Last year we reported the automation of our supplier onboarding, due diligence and risk management processes in Fusion, our third-party risk management system, including the implementation of alerts to flag 'high' or 'medium' risk categories and enhance visibility of potential risks associated with our suppliers.

Since our launch of Fusion in June 2023, and following a successful pilot of the newly automated supplier onboarding, due diligence and risk management processes, we have issued 541 PRQs and 300 SAQs.

In FY25, we aim to review lessons learned from the pilot and complete the integration of other applications including financial credit and sustainability reporting tools, into Fusion.

Further detail about our supplier assurance and risk management processes can be found on our [website](#).



SRM Learning Programme

Our Supplier Relationship Management (SRM) Learning Programme equips our contract owners and managers with the knowledge and skills they need to support the oversight and management of their suppliers, embed supplier management best practice, and support their compliance with our Global Procurement Policy and SRM Framework. Since the launch of the programme in FY22, we have successfully delivered eight cohorts with over 70 participants. We plan to review our SRM Learning Programme in FY25 and explore further learning opportunities and support for our contract managers and owners,

including areas where we can streamline and enhance our approach.

Our SRM Learning Programme includes a case study exercise and coaching for contract managers to ensure successful implementation of our Supplier Management and Sustainable Procurement Programmes. The risk management training module within the SRM Learning Programme, for example, includes a case study exercise, which invited attendees to consider the impact, likelihood and remedial action required to address risks associated with their suppliers.



Contract & Document Review

We undertook a review of our contract and procurement documents, tools and templates in FY24, including our SRM Framework, Supplier Standards and Supplier Management website, to provide greater transparency regarding our supplier expectations and minimum standards for supplier onboarding and in-life cycle management.



Voice of Supplier Survey

Each year we issue a Voice of Supplier Survey to our key suppliers. The survey is mapped to our procurement and supplier management processes and approach and helps us to understand how Clifford Chance is perceived as a client, and where we can improve or develop our internal and external processes within our supply chain. In FY24, we observed a slight decline in the supplier response rate (68% versus 72% in FY23), however, the percentage of our key suppliers viewing the firm as a 'customer of choice' remained constant at 83%. Process simplification, standardisation and automation continue to remain a priority for FY25, alongside supplier education and awareness through supplier events and roundtables.



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 facilitate engagement with us through the automation of our processes and procedures. 100% of our key suppliers acknowledge the principles of our supplier code.

As part of our annual review, the supplier standards have been carefully reviewed to ensure 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.

Where we identify non-compliance with our minimum standards, we seek to work with our suppliers to resolve any issues and work collaboratively with them to support remedial actions.



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

² Based on annual supplier declaration and assurance for the financial year ending 30 April 2024. Our key suppliers comprise our Tier 1 and 2 suppliers.

Sustainable Procurement Programme



Sustainable Procurement Manager

In FY24 we appointed a new Sustainable Procurement Manager as part of our Global Responsible Supply Chain Team.

In FY25, the Sustainable Procurement Manager will be responsible for evolving our Sustainable Procurement Programme, including, but not limited to, implementing a carbon maturity assessment and supplier decarbonisation plan for our highest emitting suppliers, and embedding recommendations from our human rights and modern slavery programme review and gap analysis.



Francesca Garnham
Sustainable Procurement Manager



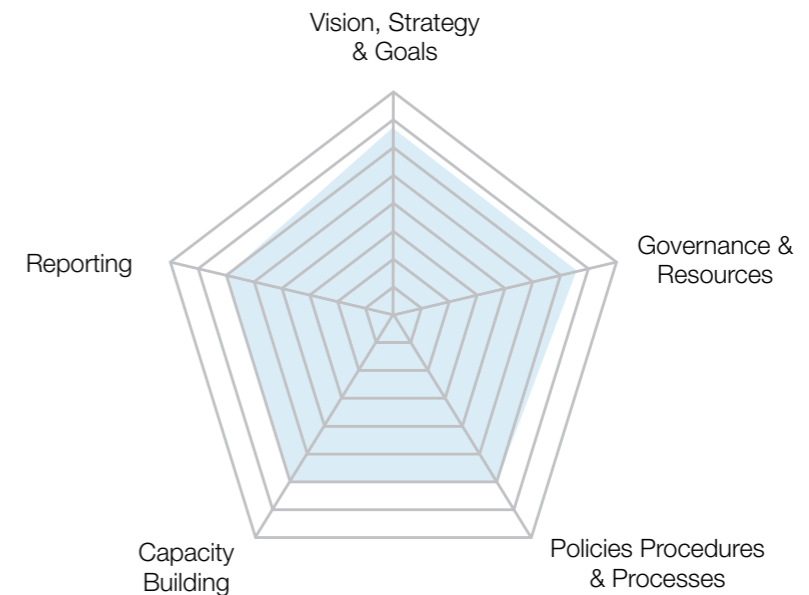
Sustainable Procurement Programme Maturity Assessment

In November 2023, 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 remain 'proactive' overall but have consistently improved our score year-on-year since the initial assessment in FY21. We will continue to monitor our sustainability performance and progress.

Our Sustainable Procurement Programme Maturity Progress (out of 5):

- Overall Result in FY22 = Responsive, 2.66
- Overall Result in FY23 = Proactive, 3.07
- Overall Results in FY24 = Proactive, 3.15

Overall Maturity Level FY24





Human Rights & Modern Slavery

The firm is a signatory to the UN Global Compact and supports the UN Sustainable Development Goals. We seek to protect human rights in our business and in our supply chains by encouraging behaviours and practices that are aligned with our global Human Rights and Slavery and Human Trafficking policies and [Modern Slavery Act Transparency Statement](#). These include commitments to respect human rights consistent with the UN Guiding Principles on Business and Human Rights and the UN Global Compact, and to take steps to ensure that modern slavery in all its forms does not occur in our business or in our supply chains.

During the reporting period we have taken our FY24 spend data and active supplier list and reviewed all the suppliers in sectors identified 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 within our review has increased from our 542 global suppliers in FY23 to 556 suppliers in FY24. In terms of targeted assurance activity, we have undertaken sustainability assessments, inclusive of labour and human rights criteria, for 73 suppliers within the reporting period. These suppliers were chosen based on their tier (Tier 1 and 2) and sustainability impact to the firm. We will be looking to address any remedial actions required following the outputs of this analysis.

More recently, we worked with an external consultant to develop a methodology for a salient human rights issues assessment (inclusive of modern slavery) to be conducted in FY25.

The assessment will support the identification of our salient human rights and modern slavery risks associated with our business operations and value chain, (including of our operations and supply chain, as well as client engagement and delivery of services), alignment with international methodology and good industry practice.

The scope of work will also include a modern slavery gap analysis, including targeted supplier deep dive with two suppliers as part of a pilot initiative, to review our current risk management approach and effectiveness, including policies, processes and alignment to UN Guiding Principles and relevant legislation. Any remedial actions and recommendations identified following the salient human rights issues assessment,

modern slavery gap analysis and targeted supplier deep dive will be presented to the Responsible Business Board and help us to strengthen our approach.

In April 2024, we conducted a training session for Business Professionals in Australia. The training session comprised an overview of modern slavery regulation, our internal human rights and modern slavery policies and procedures, inclusive of supplier risk management practices, modern slavery training available within our firm, and what we can collectively do to ensure compliance and ensure ethical practices within our business operations and value chain. In FY25 we hope to hold similar training sessions in other regions where our firm operates.

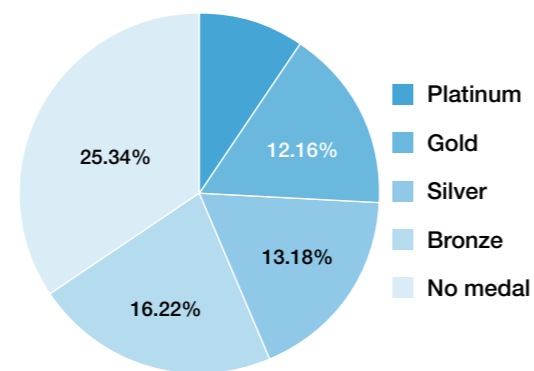
Measuring the Sustainability & Carbon Performance of our Supply Chain

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.³ 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 chart below shows the breakdown of suppliers scores within our portfolio and whether they have achieved a medal (a score of >50 and above), including bronze, silver, gold and platinum ratings.³

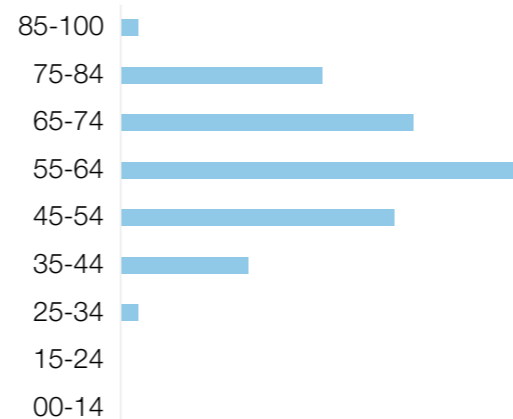


32.5% of key suppliers have an EcoVadis score of Silver Medal or above⁴



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

The table below shows the score distribution of our key suppliers' current scorecards. Whilst we have some suppliers who are yet to receive a medal for their sustainability performance, we have seen visible improvements in their performance metrics (please refer to page 13).



We assess the sustainability performance of our key suppliers on an annual basis. 100% of our key suppliers have been independently reviewed by EcoVadis as part of our Sustainable Procurement Programme and 36% of our key suppliers are 'in progress' since the submission of their latest re-assessment:⁴

47.6% of supplier scores have improved

12.2% of our suppliers' scores have remained the same

14.2% of our suppliers' scores have regressed.

We have observed some suppliers that have not improved their sustainability performance since FY23 and / or activated corrective actions based on improvement areas. Where the EcoVadis methodology has evolved to reflect changes in global standards, this could have had an impact on their sustainability score, particularly where improvement areas have not been addressed from previous sustainability assessments. 26 scorecards have not yet been reviewed and validated by EcoVadis; some suppliers scores may increase because of this.

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.

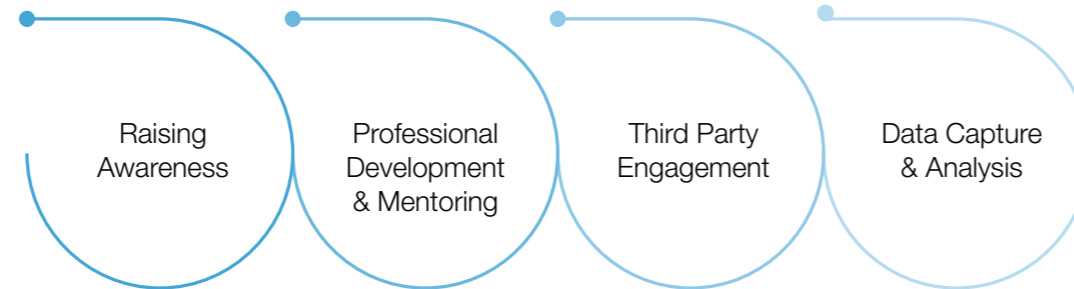
³ Please refer to [EcoVadis website](#) for eligibility criteria.

⁴ Based on current validated scorecard information on EcoVadis. 73 of our key suppliers have been rated through EcoVadis so far, with 26 assessments in progress for the reporting period ending 30 April 2024.

Supplier Diversity Programme

Diversity and inclusion is an integral part of our business strategy and is critical to our success as a 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. We believe that promoting an inclusive working environment will encourage people to be themselves, contributing to the wellbeing of our people and our ability to produce the best results as a team.

The pillars of our Supplier Diversity Programme include:



Danielle Douglas, Global Head of Procurement and founder of the LinkedIn group, 'Black Women in Procurement', continued the firm's ambition to create inclusive and sustainable procurement practices - growing the Black Women in Procurement membership and providing networking opportunities.

The Black Women in Procurement network provides a safe space for women of colour working in procurement and supply chain to network, share and learn from each other's experiences, and provide guidance on climbing the ranks in the world of procurement. The network increased its membership to 60 people in FY24 and continued its engagement with a planned event at the Clifford Chance London office in May 2024.

Danielle says, "One of the commitments of our Supplier Diversity Programme is to increase diversity within the supply chain, not only from a supplier perspective, but a procurement professional one."

Follow or join go to the Black Women in Procurement network on [LinkedIn](#).

We will continue to focus on the implementation of our programme during FY25, inclusive of roundtable discussions and networking. Key areas we plan to explore during FY25 include:

- To pilot a (reverse) mentoring programme with 1-2 of our key suppliers to support professional career development for SMEs within their portfolio.
- To coordinate two supplier events focused on our Sustainable Procurement Programme working with our global offices and regional partners.

Advantages of having a diverse supply chain are:

It promotes innovation and provides multiple channels from which we can procure goods and services.

It drives competition, which helps to reduce cost.

It displays our investment, interest and commitment to the economic growth of our community.

It allows Clifford Chance to highlight the varied work of our organisation and the steps we're taking to be a responsible business.

It allows us to consider equality and fairness in our procurement process to support engagement with suppliers of all shapes and sizes.

Supplier Decarbonisation

Our Environmental Commitments & Progress:

As a firm we seek to work with our key suppliers to understand, manage and reduce the environmental impacts of our purchases; this helps to inform our climate transition planning and support delivery of our environmental commitments.

As part of our commitment to climate action, we have set near-term science-based targets. We aim to reduce absolute scope 1 and 2 GHG emissions by 80% by FY2030 from an FY2020 base year, and to reduce absolute scope 3 GHG emissions 47% within the same timeframe. We have committed to reach net-zero greenhouse gas emissions across the value chain by FY2050.

To support this commitment, we have also set targets for our supply chain. We seek to ensure our top 50 suppliers, by emissions, set 1.5-degree aligned science-based targets to reduce their climate impact, aiming for a 50% reduction by FY30.

We also plan to engage the 50 suppliers with next highest emissions (following the original 50) and seek to reduce their emissions by 30% by FY30.

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. To support us to achieve our near and long-term environmental goals, we seek to expand

the reach of the Sustainable Procurement Programme to better identify climate and environmental-related risks and opportunities associated with our suppliers and obtain more accurate baseline emissions data directly from them, moving from estimations (derived from supplier spend) to more accurate ‘actual’ emissions data.

To support effective decarbonisation of our supply chain, we seek to expand our

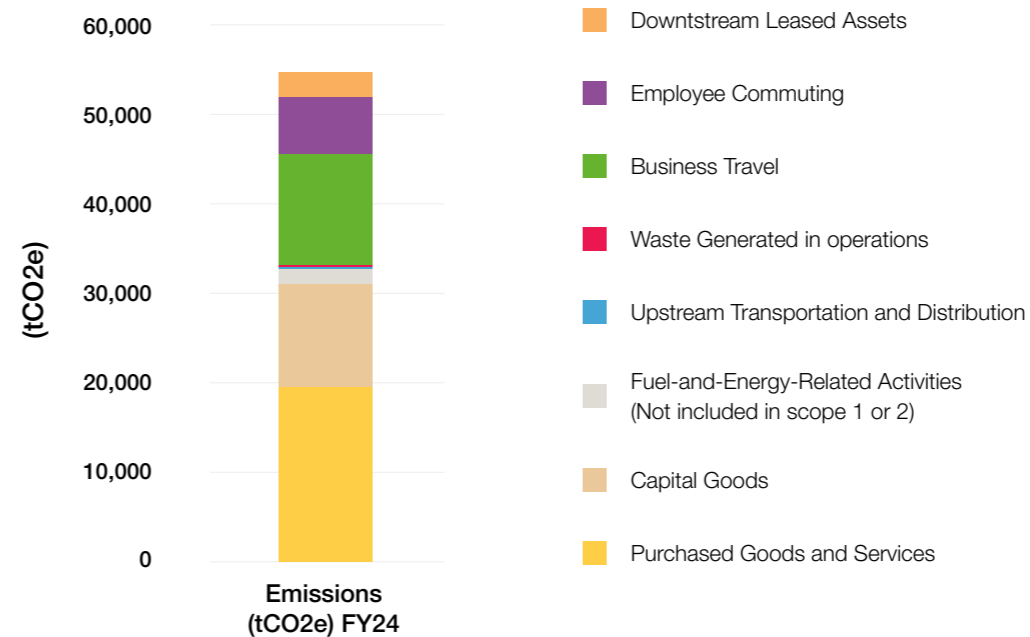
engagement with our suppliers, inclusive of the development of carbon maturity assessments. This will aid in supporting suppliers to take positive steps towards measuring their carbon reduction and setting science-based targets (including providing metrics through EcoVadis).

During FY24, we have observed a reduction in our purchase goods and services emissions against our base year. The

decrease may, however, be attributable to a change in methodology and emission factors used and the inclusion of supplier specific emissions. As a result, we will review and analyse our base year emissions in FY25 to ensure continued accuracy of reporting.

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

| Category | FY24 Emissions (tCO2e) |
|---|------------------------|
| Purchased Goods and Services | 19,579 |
| Capital Goods | 11,566 |
| Fuel-and-Energy-Related Activities (Not Included in Scope 1 or 2) | 1,682 |
| Upstream Transportation and Distribution | 150 |
| Waste Generated in Operations | 98 |
| Business Travel | 12,536 |
| Employee Commuting | 6,365 |
| Downstream Leased Assets | 2,562 |



Sources:

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023> | <https://www.iea.org/data-and-statistics/data-product/emissions-factors-2023> | <https://www.epa.gov/climateleadership/ghg-emission-factors-hub>

Risk and Opportunities Analysis:

Climate Scenario Analysis:

Climate Scenario Analysis (CSA) is the process of modelling future climate changes and potential impacts based on different assumptions about developments in economies, policy, technology and associated risks. Working closely with a third-party specialist, we reviewed the impact of three scenarios representing varying degrees of climate change on Clifford Chance taking into account short (2030), medium (2040) and long-term (2050) horizons.

Transition risks are driven by changes in government policies, the market and other factors that result from rapid transition to a low-carbon environment. Our risk analysis

considered the impact of our suppliers not being resilient to climate change and the impact that this would have on our business operations and delivery of services. Our supply chains relate to our global office-based professional services business – supplying personnel, goods and services that supports the services that we, in turn, provide to our clients. We acknowledge that our suppliers may incur additional costs arising from climate-related risks, which may be passed down to Clifford Chance as a customer. To support effective decarbonisation of our supply chain, and as part of continued oversight and assurance activities, we have a Sustainable Procurement Programme and supplier decarbonisation approach, and we seek to

expand our engagement with our suppliers and work with them to inform their approach to carbon reduction. We are seeking to develop sustainability assessment criteria for rewarding suppliers who minimise their environmental (and social) impact.

More detail about the firm's approach to CSA and our TCFD submission can be found on our [website](#).

03

Section

Sustainable Procurement Programme scorecard

The scorecard below is based on validated scorecard information for FY24.⁵

We have seen a positive increase in almost all metrics since FY23, with a 5% increase in suppliers taking action to promote diversity and inclusion and a 10.3% increase in suppliers reporting their energy consumption and GHG emissions, which has aided more accurate emissions reporting for FY24.

Please click on the arrow to view more

⁵ Based on current validated scorecard information on EcoVadis. 73 of our key suppliers have been rated through EcoVadis so far, with 26 assessments in progress for the reporting period ending 30 April 2024.

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

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