

Push for transparency

How and why are companies' procurement practices coming under greater scrutiny?
How should companies respond?

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Welcome



Petra Parizkova

Associate Director
ESG Strategic Advisory UK



Chloe Parkin

Associate Director
ESG Strategic
Advisory UK-
Environment lead



Heba Megahed

Managing Consultant
ESG Strategic
Advisory- Human
Rights Lead



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Agenda

- 01 **Key trends & Evolving requirements: Legislation on responsible procurement practice.**

- 02 **Spotlight on your supply chain:**
 - Managing and reporting on human rights**
 - Managing and reporting on carbon**

- 03 **Building up supply chain for greater transparency**



Quick poll



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use code 2484 2308

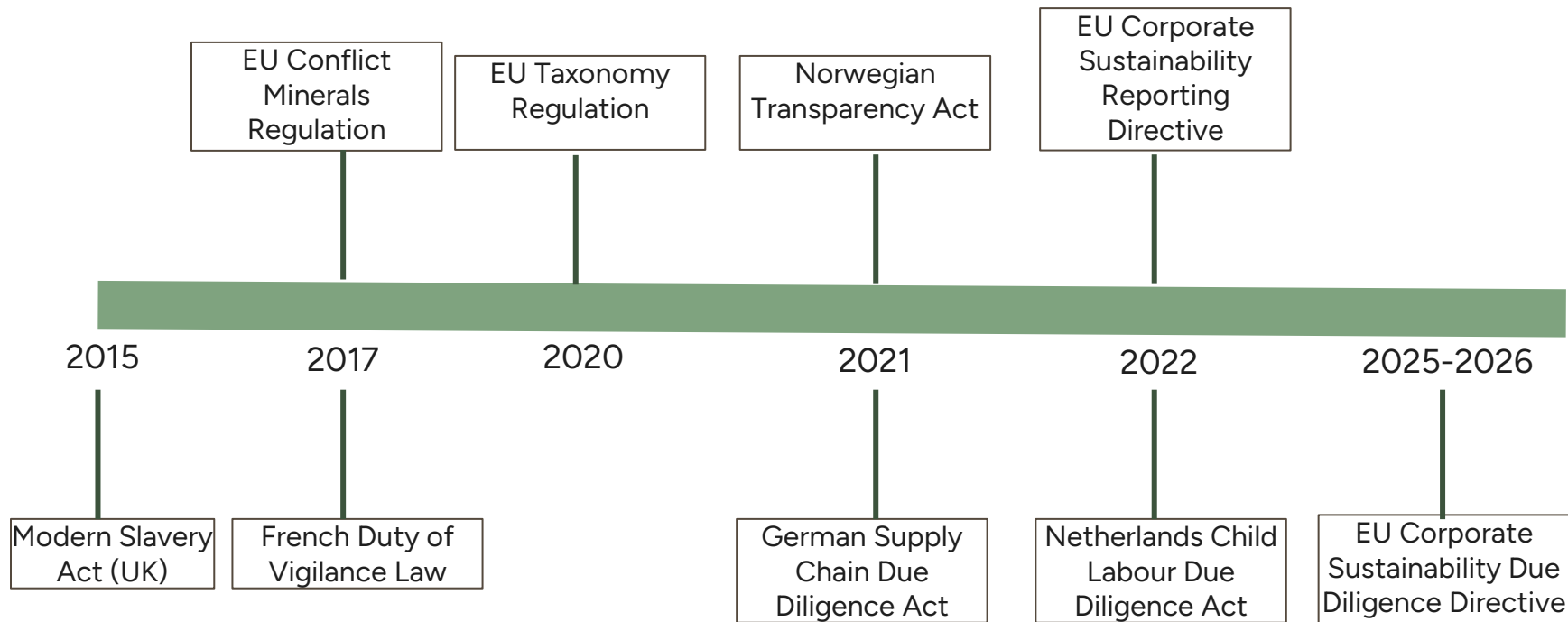


Key trends and evolving requirements- Legislation on responsible business practice





Evolving legislative requirements for supply chains





Spotlight on Corporate Sustainability Due Diligence Directive (CSDDD)

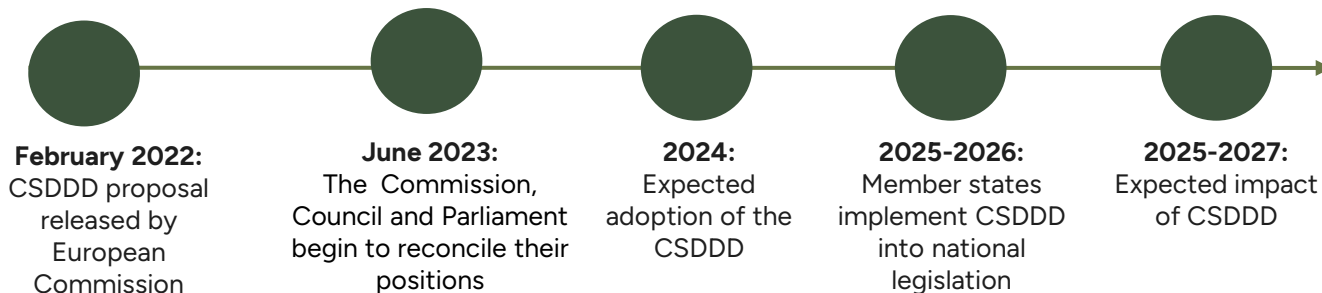
Requirement

Companies **identify, prevent - or at least mitigate** - and finally **terminate** their **adverse human rights and environmental impacts** in their own operations and through their value chain

Applicability

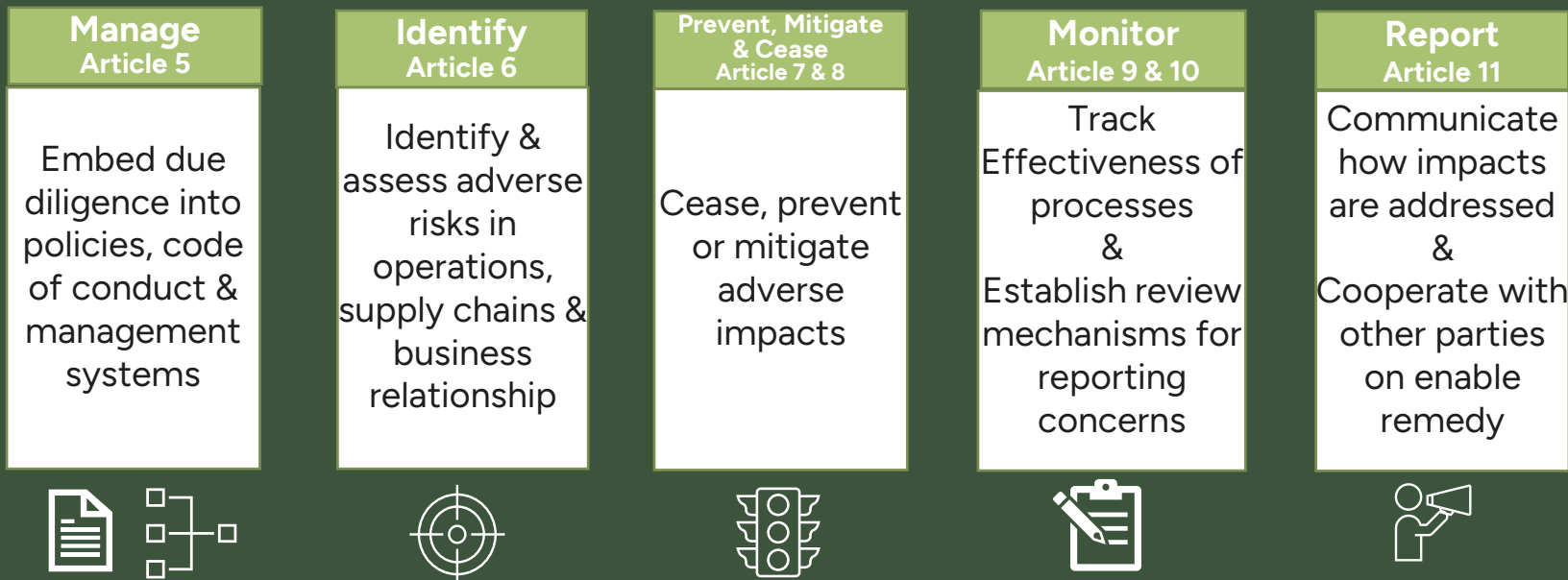
- Large **EU companies** with more than 500 employees and a worldwide net turnover exceeding €150 million
- **Non-EU companies** ('third-country') with a net turnover generated in the EU exceeding €150 million.
- **EU & Non-EU companies** with 50% generation in high-risk sectors that meet certain thresholds

Key milestones for CSDDD:





Spotlight on CSDDD requirements





CSDDD- How to get started?



Conduct a gap analysis against CSDDD requirements



Review due diligence management system and policies



Undertake environmental and human risk assessment



Establish effectiveness of due diligence measures



Review how you monitor and report on progress

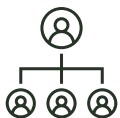


Managing and reporting on human rights in your supply chain





Human Rights in the supply chain



Governance

- Governance structure
- Traction from the top (with KPIs and incentives)
- Establish policies (alignment with procurement)
- Make commitments (to international instruments)
- Hold suppliers to similar standards



Mapping suppliers

- Direct and indirect suppliers
- Utilize resources like World Bank's Worldwide Governance Indicators to identify high risk markets
- Don't forget about distributors!



Due diligence

- Implement supply chain relevant human rights policies
- Human Rights Due Diligence in the supply chain:
 - Identify adverse human rights impacts in the supply chain via impact assessments
 - Engage with stakeholders to identify scalable remedies / work with suppliers to identify and implement long term remediation plans
 - Measure effectiveness of remedies and plans by identifying appropriate KPIs
- Assess impacts at the market level
- Create supplier long term remediation plans



Human Rights in the supply chain (cont'd)



Managing supply chains

- Establish tools that will provide visibility deep into the supply chain
- Be transparent
- Integrate human rights responsibility criteria into the supplier selection process
- Capacity building for suppliers
- Review of policies
- Monitor suppliers (through audits) to measure effectiveness



Engagement / partnerships

- Supplier engagement
- Multi-stakeholder initiatives
- Engage with civil society organizations
- Engage with governments



Managing and reporting on carbon in your supply chain





QUOTE



The FDF and our members are fully committed to cutting CO₂ emissions, promoting efficient water use, building a more circular economy for packaging, embedding environmental standards in transport practices and reducing food waste. We also want to increase understanding of sustainable supply chains and natural capital.”

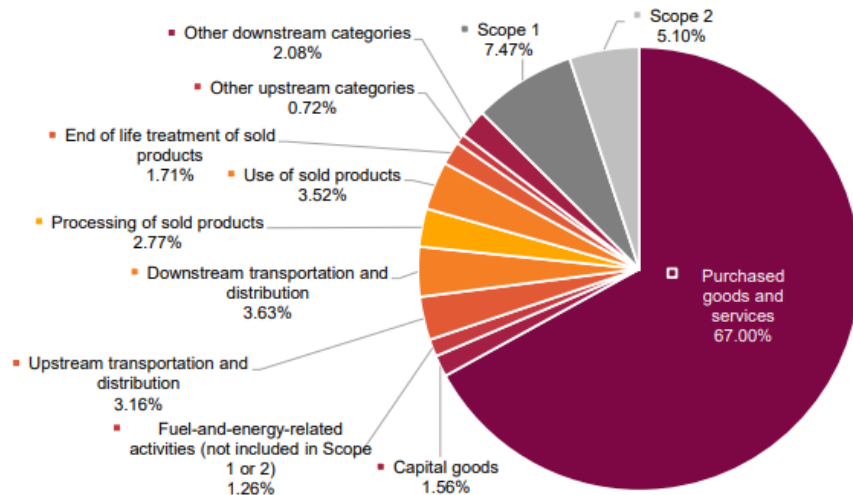
- FOOD AND DRINK FEDERATION



Understanding the Challenge

GHG Emissions

- Across all sectors, supply chain GHG emissions are estimated by CDP to be **11.4 times higher** than a company's direct operational emissions.
- In the food and beverage sector, average emissions linked to purchased goods and services alone represent 2/3 of overall value chain emissions.
- Engaging with upstream suppliers is essential to decarbonise emissions in the food and drink sector.
- While supply chain emissions are not within a company's direct control, there are several ways a company can influence these.



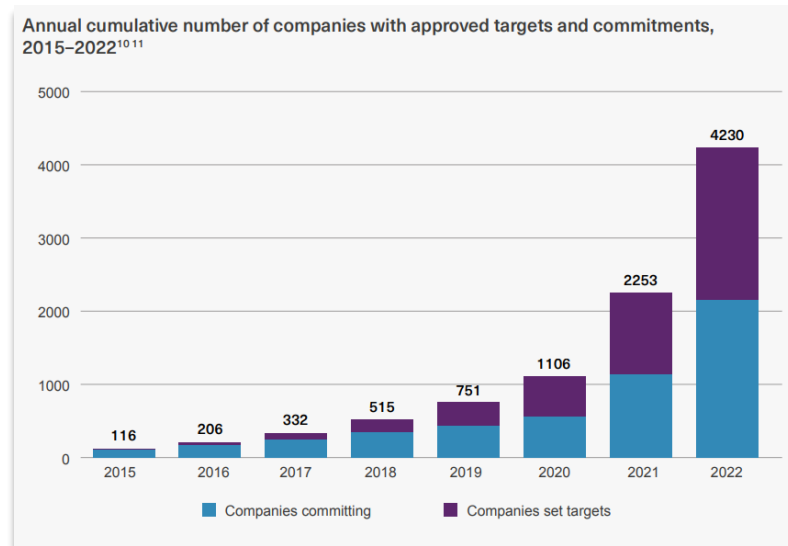
GHG emission categories as a % total of emissions – Food, Beverage, & Tobacco sector

Source: CDP



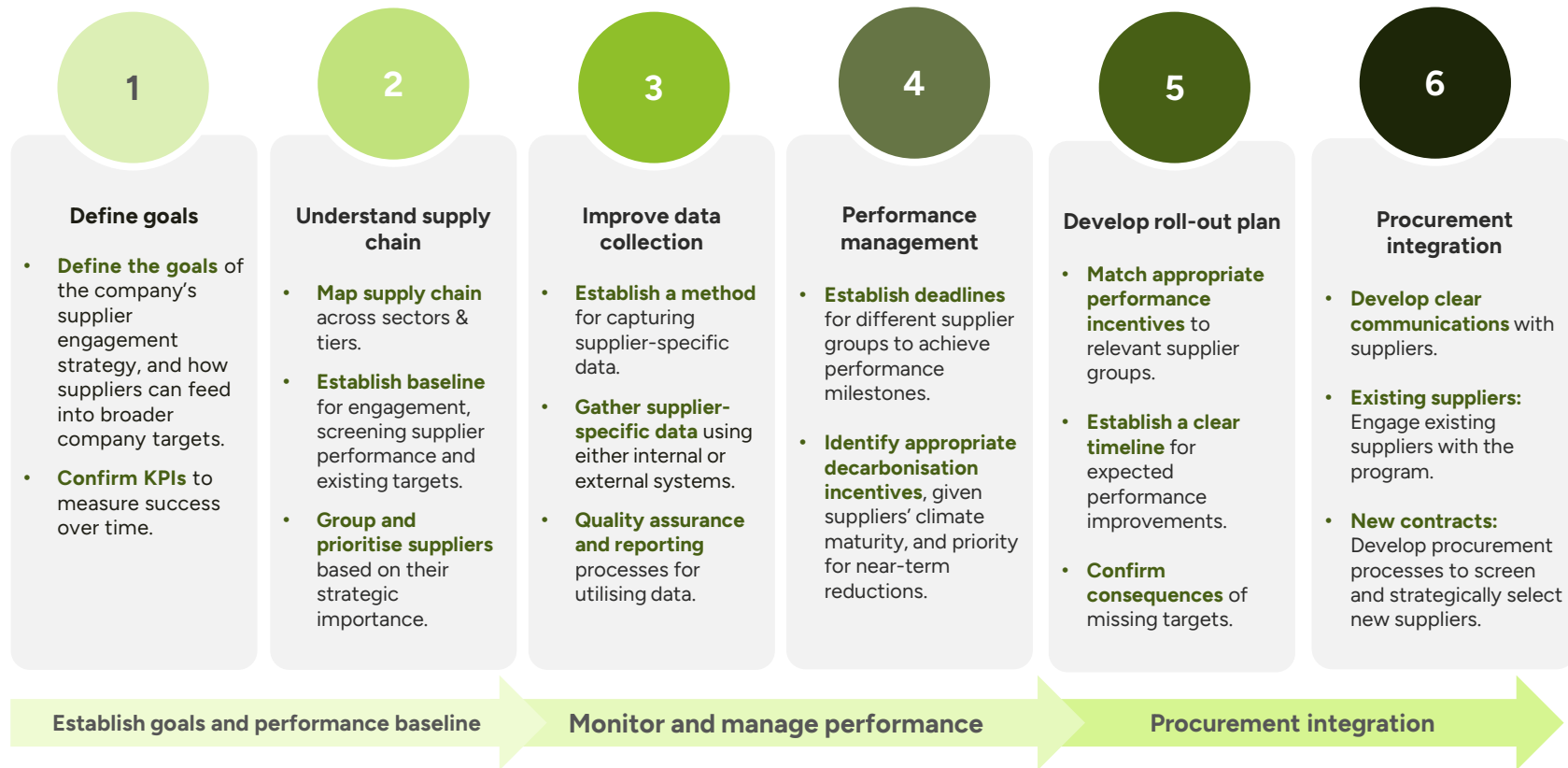
Supply chain decarbonisation is gaining cross-sector momentum

- The Science Based Targets initiative (SBTi) is the world-leading framework for setting science-based emission reduction targets, and require scope 3 action.
- As of September 2023, over 5,900 companies have committed to or set targets with the SBTi, accounting for >2/3rd of global market capitalisation.
- The momentum of science-based targets is driving cascading supply chain engagement around decarbonisation.





6 steps to developing & implementing a supplier engagement strategy





Emerging trends for supply chain reporting in the food & drink sector: Forest, Land & Agriculture (FLAG) guidance



- Published Sep 2022
- Draft for pilot testing (final release H1 2024)

Applies to: any company with land sector activities or CO2 removals and storage within its value chain.

Requirements: Includes guidance on accounting for emission impacts from:

- Land use & management
- Land use change
- Biogenic products
- CO2 removals
- CO2 storage



- Published Oct 2022
- Applies to** companies in sectors:
- Forest & Paper Products – Forestry, Timber, Pulp & Paper
 - Food Production – Agricultural Production
 - Food Production – Animal Source
 - Food & Beverage Processing
 - Food and Staples Retailing
 - Tobacco
- OR companies with FLAG-related emissions >20% of overall scope 1, 2 & 3.

Requirements:

- From May 2023, required for all relevant companies
- Those with validated SBTs must revalidate FLAG targets by end 2023 (pre-2020 validations) or 2024 (post-2020 validations).
- Must set 2025 no-deforestation target

Challenge: emissions accounting in the F&D sector will require progressively more granularity and traceability in supply chain, which may require additional resources and time.

Opportunity: companies will gain closer insight over agricultural practices and opportunities. Carbon removals can be recognised and contribute towards target achievement.

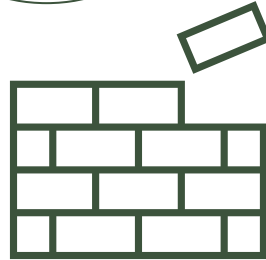
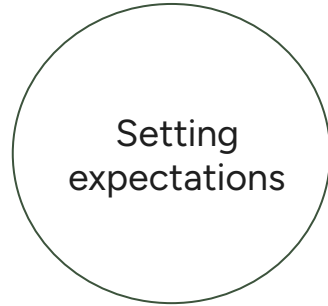


Building up your supply chain for greater transparency





Preparing for greater scrutiny- top tips





Do you
have any
questions?



Making
Sustainability
Happen

SLRCONSULTING.COM

Petra Parizkova

Associate Director, ESG Advisory Services

Epparizkova@slrconsulting.com

Chloe Parkin

Associate Director, ESG Advisory Services

Ecparkin@slrconsulting.com

Heba Megahed

Managing Consultant, ESG Advisory Services

Ehmegahed@slrconsulting.com