

IMAGINE IF GLOBAL LAW FIRMS COLLABORATED TO CREATE MORE SUSTAINABLE SUPPLY CHAINS

The Chancery Lane Project



ONE OF THE BIGGEST OPPORTUNITIES, AND CHALLENGES, FOR SUSTAINABILITY AND CARBON REDUCTION SITS WITHIN THE SUPPLY CHAIN. BUT AN ABSENCE OF GUIDANCE OR LEGAL FRAMEWORKS HAS MEANT PROGRESS IN THIS AREA HAS BEEN SLOW TO-DATE. THAT IS WHY ADDLESHAW GODDARD HAS TEAMED UP WITH OTHER LEADING LAW FIRMS TO HELP CREATE NEW FRAMEWORKS THAT ENABLE COMPANIES TO WORK COLLABORATIVELY WITH THEIR SUPPLIERS, WHILE DRIVING PERFORMANCE THROUGH CONTRACTUAL OBLIGATIONS.

The challenge:

In June 2019, the UK parliament passed legislation stating the government must reduce the UK's net emissions of greenhouse gases, alongside the Paris COP commitments.

With the climate emergency now at the top of the political agenda, businesses and organisations are not only looking at their own practices, but those of their supply chains too. Despite best intentions, and the "will" to do something, there has been a void when it comes to sustainability clauses, protocols, or laws for businesses to adhere to or follow as best practice, particularly when procuring their supply chains.

How we are helping

The Chancery Lane project was established as a collective of lawyers from across the world to help address climate change by 2030. The aim is to set a precedent for the creation of practical solutions and laws that

help achieve net zero ambitions and empower businesses to have a positive impact on the environment. Over 80 members of our firm have volunteered over 2600 hours, to help create new clauses and legal frameworks, with a key focus on suitable supply chains.

Taking part in a "hackathon" in November 2020, we, alongside other legal professionals, used our innovative thinking and specialist knowledge to help create new clauses relevant to supply chain compliance.

One such clause we helped create, known as "Zoe and Bea's Clause" or the "Green Supplier Agreement Terms", set out a green procurement checklist to make a standard supplier agreement focus on emissions across a value chain. Others, such as the "Agatha's Clause" introduces Green Service Credits, where if a supplier doesn't hit their sustainability targets, there are financial penalties attached. "Owen's Clause" puts forward more rigorous measures where termination rights are included if the obligations around net zero are not met.

The impact

These three clauses demonstrate the different levels of stringency businesses might want to adopt when procuring their supply chain – from light touch advice such as checklists, to more moderate processes such as service credits, or tougher measures such as termination rights. By creating a range of clauses that can be applied flexibly to suit an organisation's requirements, we want to ensure sustainability becomes embedded

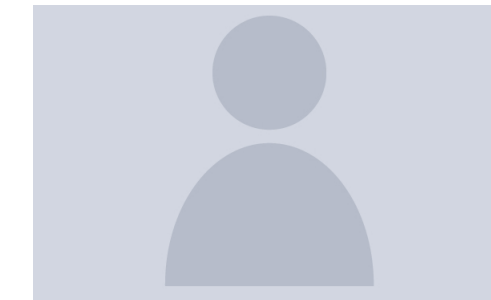
within contractual agreements.

These clauses can now be found in the "Climate Contract Playbook" and are already being incorporated into law firm precedents and commercial agreements around the world. There are further hackathons planned to help evolve this approach and add to the resource.

In the meantime, people and companies now have the tools to implement sustainability measures with their supply chains, starting from the very first conversations measures in place.

Key learnings

Our participation in The Chancery Lane Project has reaffirmed our belief that people genuinely care about climate change and the legacy we are leaving for future generations. We all have a role around a tender process and procurement activity. And at Addleshaw Goddard, we are engaging our clients and supply chains to put these to play in fighting back against climate change, but to have the biggest impact, it must be a collective effort, pooling expertise, experience, and talent from our supply chains to find the best solutions.



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