

Legal Sector Alliance Discussion Paper

WORKING WITH SUPPLIERS

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Background to discussion

- A legal services firm's most significant environmental impact is *indirect*, created by its supply chain, both upstream (the environmental impact of suppliers of products used by the firm in delivering legal services) and downstream (the environmental impact of transactions conducted by clients with the firm's advice)
- Both the upstream and downstream impacts of a legal services firm are primarily driven by actual or *perceived* client demands. Although it would therefore be preferable to deal with the supply chain as a whole, the scope of this discussion paper is limited to upstream impacts of suppliers. Downstream impacts will be dealt with in a separate discussion paper at a later date.
- The focus of most internationally recognised indices and reporting tools (and therefore market practice) assessing sustainability in companies and organisations is both environmental and *social* impacts (e.g. health and safety, working hours, forced and child labour issues, diversity) and is therefore considered within the scope of this discussion paper.
- It is important to stress that sustainable procurement needs to be embedded throughout the supply chain process from the definition of need to the management of the supplier relationship.
- Outputs of the Task Force should be equally applicable to legal services firms with less sophisticated procurement structures and policies as those who are more familiar with supply chain management. Moreover, they must be tailored to the particular characteristics of procurement in legal services firms.
- Suppliers need *certainty* and *economies of scale* to invest in reducing their environmental and social impact: to influence suppliers, legal services firms may need to take a collective stance on what the industry requires from its suppliers in relation to sustainability and communicate that vision to key supplier sectors.
- The overarching business case for *engagement* with existing suppliers and encouraging best practice is much stronger than an exclusionary approach, but legal services firms must be willing to enforce environmental and social criteria as key performance indicators if existing suppliers are not willing or not able to engage.

Structure of this paper

- Table A sets out the key issues faced by legal services firms in identifying, measuring, verifying and reducing the environmental and social impact of their upstream suppliers.

- Table B sets out the key areas of consumption in a typical legal services firm and gives some simple examples of the questions that would help evaluate the sustainability of suppliers.

TABLE A: Key issues faced by legal services firms in relation to the sustainability of upstream suppliers

Issues	What are the barriers to change?	Possible solutions for discussion
<p>Identification, measurement & verification of environmental and social impacts</p>	<p>Firms do not understand the environmental and social impact of their purchasing / supply decisions (i.e. indirect impacts) or which elements of a complex supply chain to focus on (see Table B).</p> <p>Firms do not have the systems in place to measure supplier performance on environmental / social performance (e.g. specific KPIs in the tender / assessment process).</p> <p>Social sustainability in the supply chain, except perhaps where it is tied to compliance with local laws, is notoriously difficult to accurately track and measure.</p>	<p>A best practice guide to sustainable procurement for law firms, including guidance on:</p> <ul style="list-style-type: none"> identifying the supply chain, the aspects of the supply chain with the most significant environmental / social impacts (see Table B and other materials); how to measure (e.g. information on existing certifications) and verify supplier credentials and performance (e.g. questions to ask in surveys and tender disclosure requests) against indicators of sustainability best practice in a standardised and transparent way (e.g. through compliance with international reporting standards, like the GRI). See in particular the NZBCSD Guide to a Supplier Code of Conduct; how to engage with suppliers to better understand how, within their existing product / service range, they can improve their sustainability performance or how they can modify and improve over time; and procurement management to ensure that the most sustainable outcomes are achieved even in circumstances where responsibility for procurement is decentralised (e.g. minimum / best practice sustainability requirements to be considered by all procurement personnel in decision making in conjunction with cost and quality).
<p>Contractual requirements</p>	<p>Products are often contractually bundled and therefore firms are constrained in their ability to choose a lower environmental / social impact product (e.g. printers and paper supply).</p>	
<p>Responsibility / Accountability</p>	<p>Responsibility for procurement is often decentralised; split responsibility leads to split incentives and purchasing decisions that may not achieve the best environmental / social outcome.</p> <p>Those who are responsible are not required to justify why they are making decisions which have negative environmental / social impacts.</p>	
<p>Scope for influencing standards of</p>	<p>Perceived insufficient leverage to set minimum environmental / social standards on their suppliers without prohibitive cost implications / excluding smaller local suppliers. Bulk purchasing (in order to create leverage)</p>	<p>A common vision on sustainability from the legal profession for the short and long term, including:</p> <ul style="list-style-type: none"> a commitment to certain sustainability goals (e.g.

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<p>supplier conduct</p>	<p>may cause concern about anti-competitive behaviour.</p> <p>Reluctance to undermine relationships with existing suppliers on the environmental / social grounds.</p> <p>Suppliers need strong consumer signals to introduce more sustainable products and services – a single firm changing its preferences may not be a sufficient incentive, or there may be a significant lag before such preferences can be met.</p>	<p>reducing resource consumption, minimising waste and emissions etc);</p> <ul style="list-style-type: none"> • minimum expectations from suppliers in relation to the sustainability information that they disclose, particularly at the tender / review stage, the environmental and social impact of their products and services, and the consequences of failing to meet those standards; and • a commitment to engaging with stakeholders involved in the supply chain (i.e. suppliers AND clients). <p>Prepare submissions to relevant government / industry bodies to harmonise and simplify sustainability best practice accreditations and standards and make it easier for the legal profession to comply with its requirements while reducing its environmental impact (e.g. in relation to court documentation).</p>
<p>Engagement with suppliers / knowledge of supply chain management in relation to sustainability</p>	<p>Both law firms and suppliers are often inexperienced in relation to supply chain management generally, and in particular, in relation to their environmental and social impact.</p> <p>Firms may not be aware of the ways in which their suppliers are able to assist in relation to improving environmental / social performance and the process for engagement.</p>	<p>A commitment from individual legal services firms to prepare (based on the best practice guide above) a tailored sustainable supply chain policy and share that policy with its suppliers.</p> <p>Conduct / facilitate workshops on sustainable supply chain management issues for a wide range of people involved in procurement, including those participating in existing discussion forums (e.g. the Procurement Group, the Travel Group and the Business Continuity Group)</p>
<p>Encouraging competition between firms on sustainability</p>	<p>A perception that law firms' purchasing decisions are driven entirely by individual client demands, rather than by cultural and other factors.</p> <p>Fear of public embarrassment if a firm performs poorly.</p>	<p>Engage with major corporates as to how law firms can deliver better client service at the same time as improving their sustainability performance.</p> <p>Introduce (or lobby for) a sustainability index tailored to the structure of and services provided by legal services firms. The details of how individual law firms score could be kept confidential while setting a benchmark against which firms can</p>

Issues	What are the barriers to change?	Possible solutions for discussion
		compete.

TABLE B: KEY PRODUCTS AND SERVICES IN A LEGAL SERVICES FIRM SUPPLY CHAIN

PRODUCTS / SERVICES		EXAMPLE QUESTIONS / ISSUES
Energy	Electricity	What is the best tariff? Renewable or not? Peak and off peak tariffs? Is onsite generation possible? What energy efficiency / demand reduction measures are available from the supplier? Can energy be managed in peak times?
	Gas	Peak and off peak tariffs? Fuel switching available?
	Oil	Fuel switching available?
Copy Paper		Where are the mills? Raw materials from recycled or virgin products? Frequency of delivery?
Stationary		Recycled products? Packaging reused/reduced? Point of manufacture? Frequency of delivery?
Travel	Fleet cars/vans	Fuels: Petrol/Diesel/LPG/battery/hydrogen cells?
	Taxis and cabs	Are the vehicles used hybrids or other greener vehicles? What type of fuel does the taxi company use? Can use of taxis be kept to a minimum? Can you get good management reports from the provider?
	Air travel	Can you get good management reports from the provider? Can the use of air travel be kept to a minimum? Is there an offsetting arrangement available? Can rail travel be used instead? Can incentives be provided to staff to use public transport in lieu of taxis (e.g. by providing Oyster cards)? Consider any cultural issues associated with rail / underground travel. Are there sufficient video-conferencing / web / teleconferencing facilities to use in lieu of travel? What are the real client expectations / needs?
	Rail Travel	Can you get good management reports from the provider?

PRODUCTS / SERVICES		EXAMPLE QUESTIONS / ISSUES
Office Cleaning		<p>Can you get good management reports from the provider? What waste removal regimes are used? What percentage of the waste is recycled? Where is the recycling conducted? How is this verified? Which detergents and other chemicals used? Compliance with labour / EHS laws?</p>
Catering and Events		<p>Where is the food from? Fair-trade? Free range/organic quality issue? How is the waste dealt with? Is organic / other recycling possible? Packaging? Does the supplier use the DEFRA Sustainable events guide? Do they comply with BS 8901:2007 – sustainable event management system?</p>
Couriers		<p>Can you get good management reports from the provider? What transport is used for the parcels? Motorcycles cars, vans, pushbikes?</p>
Archive storage		<p>Are the cardboard boxes made from recycled materials? Can more reliance be placed on digital storage? Legal requirements to be considered as well as IT capabilities.</p>
Building services maintenance		<p>Can you get good management reports from the provider? Are products (e.g. light bulbs) and equipment purchased energy efficient and maintained to specification? Is building maintenance certified ISO 14001?</p>
Technology equipment	Servers and desk top equipment	<p>Energy efficiency? Packaging of new equipment – will the supplier unpack and take packaging away for reuse? Location of manufacture? Labour / EHS issues associated with manufacture? What is the environmental impact of the materials used in manufacture? Will the supplier take back old equipment in compliance with the WEE requirements?</p>
	Copiers and printers	<p>Can recycled toner cartridges be used? Can recycled papers be used in the products?</p>