



GSA SUSTAINABLE SOURCING SYMPOSIUM

Supply Chain Disruption

31 January 2024

What we are here to discuss today



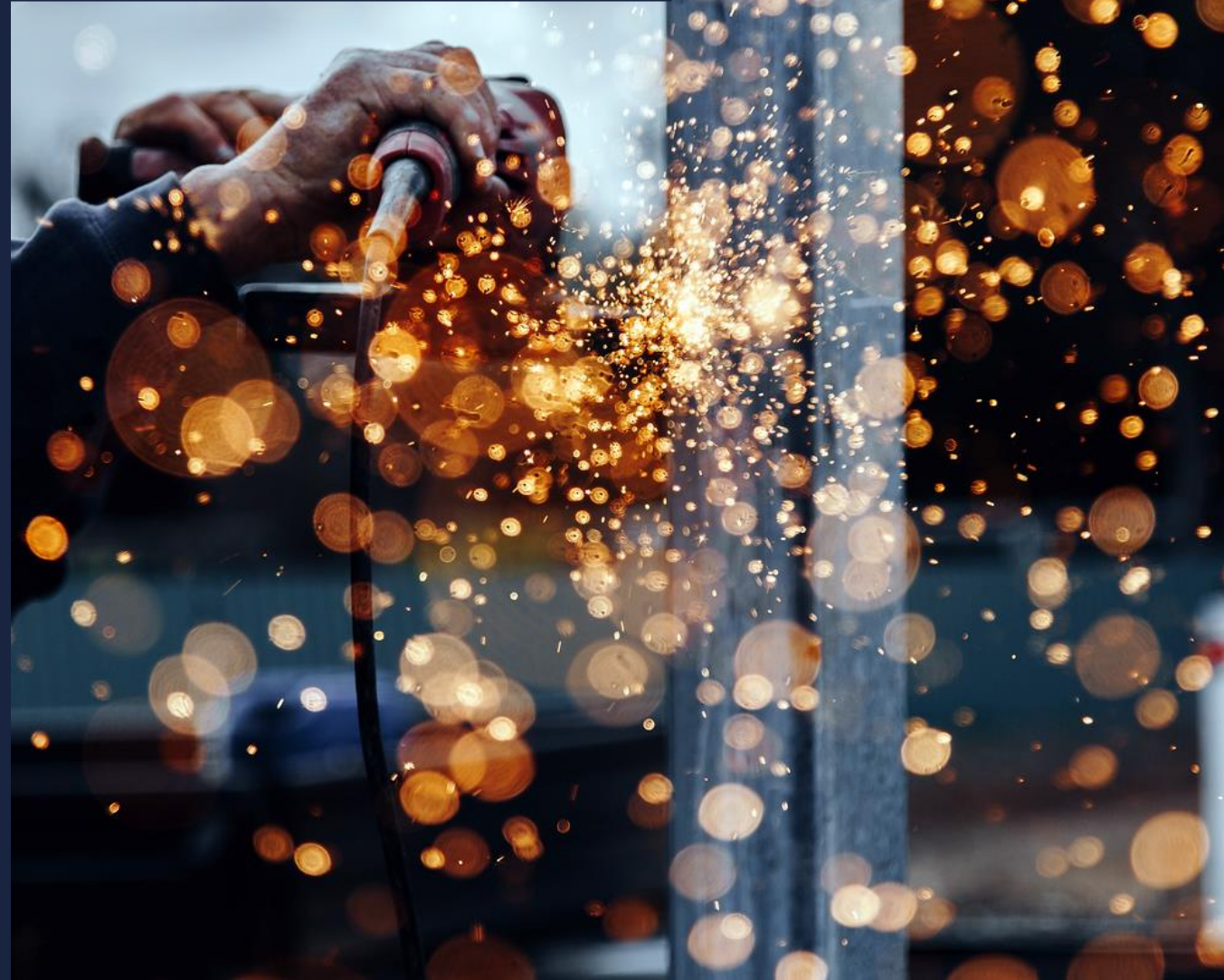
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Agenda

- **The nature of Supply Chain Disruption ('SCD'):** what forms can it take?
- **SCD:** Potential mitigations
- **SCD:** The contractual angles
- **ESG & Sustainability:** What is in the wind?



Supply chain disruption

What forms can it take?

Shortages of
supply

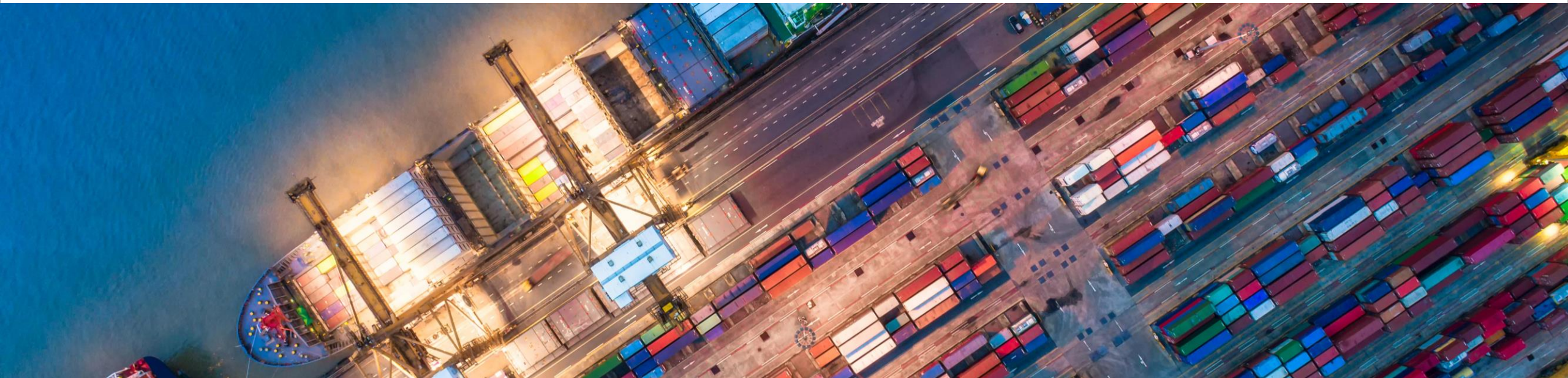
Price
inflation/
spikes

Insolvency

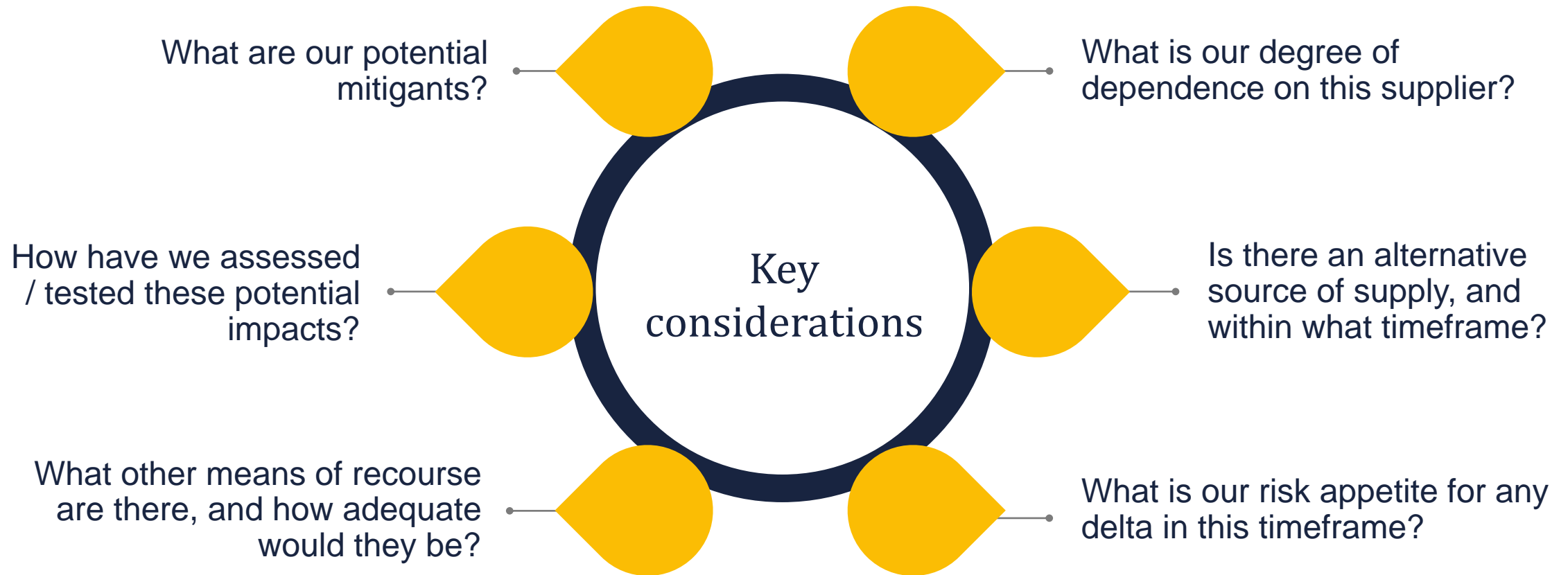
Contract
default

Reputational
challenges

Loss of
licences

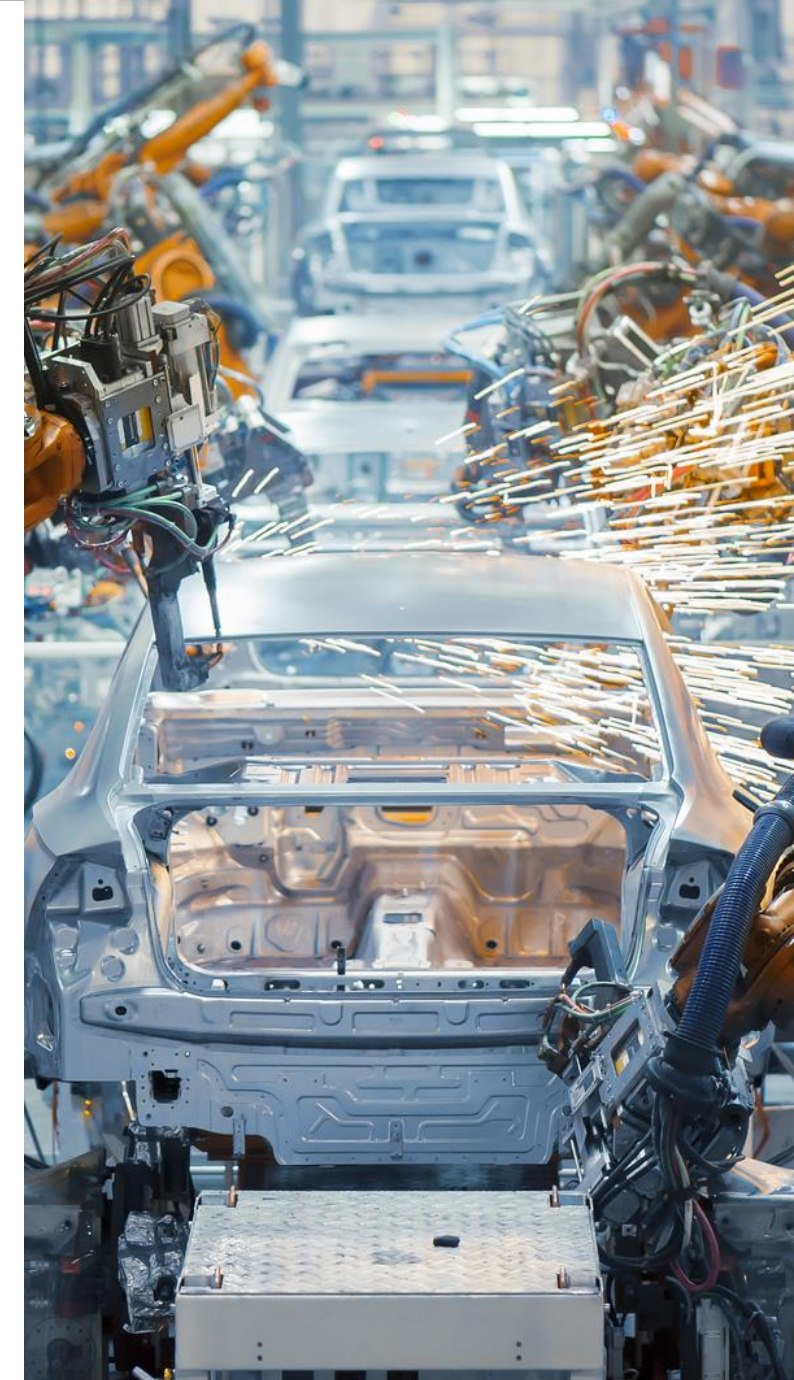


Supply chain disruption



Supply chain disruption

Potential mitigations



Supply chain disruption

The contractual angles



How sustainability & ESG are driving change

Companies are looking to their supply chains to:

- **Comply with regulations:** avoiding potential misconduct also means avoiding the financial penalties and enforcement actions associated with it.
- **Meet stakeholder expectations:** many companies are now being subject to ESG DD as part of the vendor selection process.
- **Reduce costs:** More traditionally accepted benefits of a strong ESG approach include lower energy costs or reduced packaging costs.
- **Increase productivity:** When values and a strong social purpose are at the core of a company's culture, it builds credibility and enables companies to attract and retain the best employees.
- **Optimise investments:** Transparent ESG disclosures will in turn improve investor relations. Thoughtful capital allocation, such as anticipating long-term environmental issues, can increase investment returns.
- **Identify M&A targets:** driven by desire to meet sustainability commitments



EU Investors

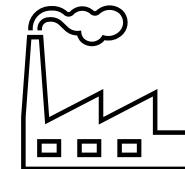
Regulatory compliance



- International goals & commitments
- Country targets
- New regulations aimed at mitigating supply chain risks

EU ESG Regulation and Directive
Compliance Wrapper

Business



Financial Institutions

Stakeholder demands & expectations



- Meeting customer and consumer demand
- Talent attraction and retention

Questions to consider

- What does your business stand for and what are your **values** in relation to sustainability and ESG?
- What is your **governance** framework around this?
- Who is in your **value chain**?
- How are you engaging with your **stakeholders**?
- What are you doing from a **due diligence** perspective and is this appropriate?

Thank you

