

HOW FAR DOES THE SUPPLIER AND CONTRACTOR MANAGEMENT GO?



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Overview

- Context and Challenges
- Supplier E&S Management Framework
- Key Considerations and Instruments
- Conclusions



Context



Public attention and demand for accountability



Demand for management beyond project impacts



Increasing demand for responsibility and increasing regulatory control

Challenges

- Inability to leverage downstream
- Advanced negotiation of contractual terms without sufficient consideration to E&S safeguards
- Limited integration of E&S risk management into supply chain management systems in some sectors, regions - limited screening, capacity and assurance
- Hands-off mentality

Supply Chain E&S Management Framework



Key considerations

- Contextual risks
- Leverage
- Early engagement with the borrower, contractors and suppliers
- Scope of service, procurement mechanism and contract structure
- Scope of verification

Key Instruments



**Supply chain E&S
management
system,
Policies**



**Robust
traceability
mechanism –
supply chain
mapping**



**Ringfencing of
projects and
locking of
suppliers**



**Legal and
commitments
framework**

*Legal agreements,
covenants*

*Additional
Commitments*

Corrective Action Plans

*Cascading of
requirements*



Verification



**Mechanism for
monitoring
and remedying
non-
compliance**

“Supply Chain is like nature, it is all around us.”

David Waters, Steris Corporation

Key Takeaways

- Demand for greater management of supplier E&S (labor) risks
- There can be a general supplier management framework, but the scope of supply chain E&S management is determined by nature and level of risk
- Leverage, traceability, ringfencing
- Keep track of any changes in de facto procurement vis-à-vis commitments made

Let's continue the conversation!

Post questions and comments in the IAIA23 app.



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