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

1. Set requirements at tendering
2. Do due diligence at selection
3. In-built and cascade legal covenants
4. Set management approach and verify
5. Monitor and remedy
6. Report on progress
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

Verification

Mechanism for monitoring and remedying non-compliance

Legal agreements, covenants
Additional Commitments
Corrective Action Plans
Cascading of requirements
Key Takeways

- 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

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

David Waters, Steris Corporation
Let’s continue the conversation!
Post questions and comments in the IAIA23 app.

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