

Sustainable supply chains

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Susanna: Sustainability is becoming much more important to businesses today. Some of the really large corporates that we talk to are putting out pretty ambitious goals in the public domain.

Stuart: The challenge the larger companies have is that only about 20 per cent of the emissions they're responsible for, are under their direct control. They can manage those by reducing the number of cups they use, the amount of paper they use, the amount of energy and water they waste. But 80 per cent of their impact sits in their supply chain.

Susanna: There's a supply chain sitting behind any product or even a service. When I go to the shops and I buy this scarf, for example, there are so many different stages in the production that have actually come together to get that to me as a consumer. That is where the bulk of the sustainability impact lies, whether that's environmental impact.

Stuart: Wasted water, wasted energy, wasted goods. It can be pollutions, emissions.

Susanna: But also the human sides.

Stuart: Poor working conditions, child labour.

Susanna: Often they actually exist in the suppliers or the suppliers' suppliers to that organisation. It's difficult to make supply chains more sustainable, partly because they're not really a simple chain. They're a complicated network of relationships. But also, the network is global so for many products, the suppliers will be all over the world.

Stuart: We're the only bank that has a network where we're close to these large buyers and we're close to the suppliers in many of these countries. So, if you like, we can use our network to help them to reduce emissions in their network.

There are two main ways that we can help these large buyers to meet their objectives. The first is, that we can work with them to provide finance to the suppliers for the investments they need. Investments in things like water treatment plants, solar panels, heat exchangers. Things that reduce the emissions of that company. And the second is, we can use our supply chain finance programmes, so that we provide better financing price to the ones that meet the buyers' objectives and more expensive financing to those that don't.

Susanna: We are also leveraging our charitable partnerships to support that shift. So, we've had longstanding partnerships with WWF and with WaterAid, and we're working with those charities who build sustainability into what apparel and clothing factories are doing.

Stuart: We've got this unique combination of our own geographic footprint, our presence on the ground where these suppliers are, our own sustainability objectives and desire to be more sustainable, and the objectives of our largest clients. They all sort of come together.

Susanna: The buyer benefits because they've got more sustainable products to offer to their consumers. The supplier benefits because they may well improve their relationship with buyers and have more efficient processes, and obviously also the environment and the workers along those supply chains will benefit hugely as well. Really, everyone wins.