

Climate contracting: QinetiQ and supply chain



Tuesday 8 October



Meena Kamath

Head of Built Environment

Meena helps ambitious organisations embed climate contracting practices, for example by running training or designing bespoke workshops.



Rosie McKeown

Sector Relationship Manager

Rosie looks after relationships with our stakeholders and wider networks, as well as managing our events and projects.



1. Introduction	5 min
2. Meet The Chancery Lane Project	5 min
3. Climate contracting - what's that?	10 min
4. What's QinetiQ doing?	15 min
5. Challenges and barriers	5 min
6. Teamwork	5 min



Meet The Chancery Lane Project



3,400

**professionals
collaborating**

335

**participating
organisations**

113

countries

What is The Chancery Lane Project?

The largest global network of lawyers and business leaders using the power of climate contracting to deliver fast and fair decarbonisation.

Breadth

Jurisdictions

- UK
- Australia
- New Zealand
- USA
- Germany
- Italy
- Japan

Subject areas

- **Supply chains**
- Board governance
- Banking
- Capital markets
- Real estate
- Construction
- Employment
- Intellectual property
- Tax
- Litigation

Climate contracting - what's that all about?





Business must play its part

- *“57 companies (when including their supply chains) account for 60% of industrial emissions”*

The World Bank and CDP, 2023

- Majority (50%) in Scope 3
- **Supplier collaboration is crucial to reducing emissions**

Contracts lock in carbon

Without contractually binding terms:

- **How will you commit to meeting your climate goals?**
- **How will you work with partners or suppliers who have set themselves ambitious goals?**

Contracts encourage suppliers and customers to work together to reach net-zero (for example by data-sharing).





Benefits of contracts

- **Legislation & litigation are slow**
- **Nimble:** adapted, implemented and enforced quickly
- **Already exist:** 1000s of lawyer hours, clauses already in use
- **Specific:** climate will be explored and understood because it is enforceable



How we can help



Our content

We're a non-profit. Our content is open access.



Guides

Simple best practice guidance on how to reduce emissions using contracts

Best for non-lawyers



Clauses

Climate aligned clauses you can use in commercial contracts and legal documents

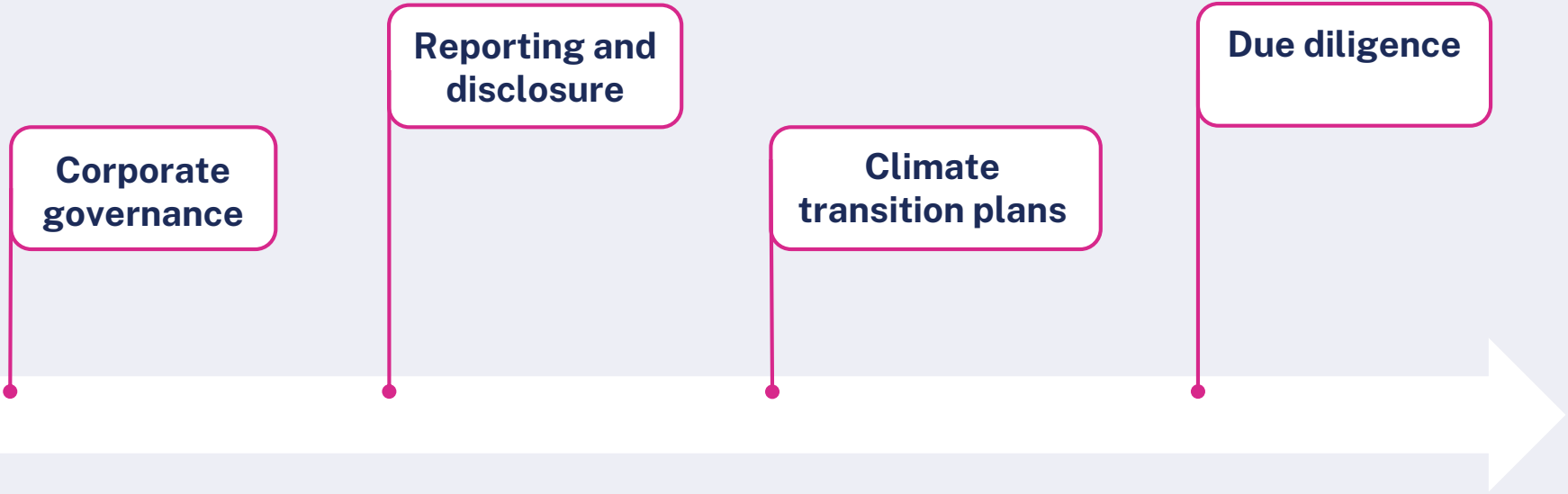
Use with legal advice



Glossary entries

Standard definitions to help you draft climate aligned contracts

Develop your knowledge



Where contracts might fit into your business

Our services

01

Knowledge

Identify areas for clause use in your organisation

Present to your team or board on how to use our content

Connect you to other organisations or advisors using clauses

02

Implementation

Advise* on which clauses to consider and how they can benefit your organisation

Troubleshoot on common barriers you may face in the negotiation process

03

Advocacy

Upskill you to become a sustainability leader and champion our content

Develop your ambition to enable you to take the next step on your climate contracting journey



Case study

Telstra (Australia)

Climate clauses being rolled out to all major suppliers making up 80% of Telstra's supply chain spend.

Targeting 50% reduction in GHG emissions (inc Scope 3) by 2030.

A good case study in supplier engagement.

www.chancerylaneproject.org/case-studies/telstra

Case study

Cabinet Office (UK)

Procurement Policy Note 01/24 introduces an optional standard carbon reduction contract schedule for Government contracts, which is influenced by climate clauses.

We supported with advice, team connections and materials.



Case studies



NatWest



chancerylaneproject.org



QinetiQ's net zero targets and clause use



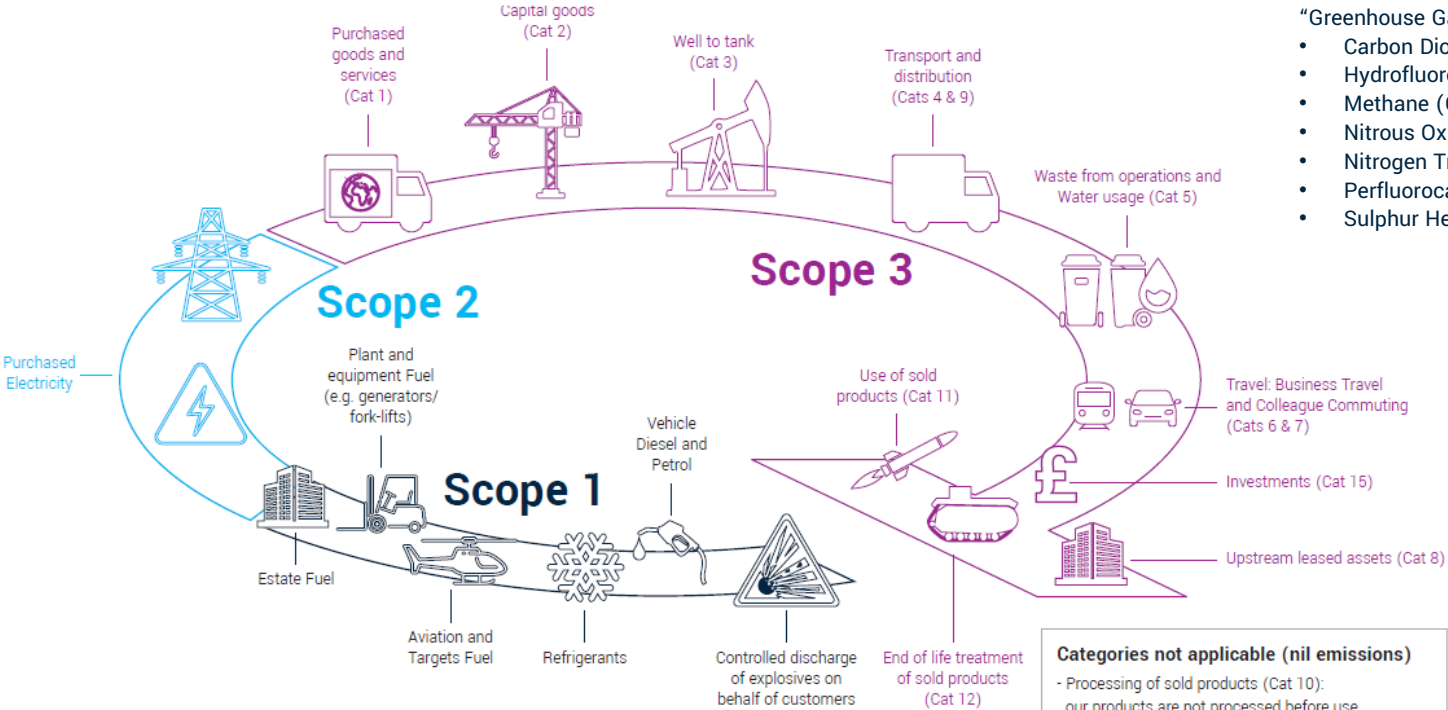
What are QinetiQ's Net-Zero targets?

- QinetiQ commits to achieve Net-Zero Greenhouse Gas Emissions by 2050 or sooner for our operations and across our whole value-chain (i.e. Scope 1, 2 and 3).
- Our **Carbon Reduction Plan** and **Net-Zero Greenhouse Gas Emissions Plan** outline our emissions targets and the key initiatives that will enable us to meet them. Both of these documents are available on our website (www.qinetiq.com/en/our-company/sustainability/climate-change).
- Our targets, shown below, comprise achievable near and long-term science-based objectives, which are aligned with a 1.5°C pathway. These were validated by the Science Based Targets initiative (SBTi) in May 2022, and were considered to be ambitious.
- Through our SBTi validation, QinetiQ is a proud member of both the SBTi Business Ambition for 1.5°C Campaign and the United Nations Framework Convention on Climate Change (UNFCCC) Race to Zero Campaign.

Timeframe	Scopes 1&2	Scope 3	Total
2020	Base year	Base year	Base year
2030 (our near-term target)	-50% absolute reduction	-30% absolute reduction	-33% absolute reduction
2050 or sooner	Net-Zero	Net-Zero	Net-Zero



Sources of emissions



- “Greenhouse Gases”:
- Carbon Dioxide (CO₂)
 - Hydrofluorocarbons (HFCs)
 - Methane (CH₄)
 - Nitrous Oxide (N₂O)
 - Nitrogen Trifluoride (NF₃)
 - Perfluorocarbons (PFCs)
 - Sulphur Hexafluoride (SF₆)

QinetiQ Greenhouse Gas footprint by Scope and Category as defined in the GHG Protocol

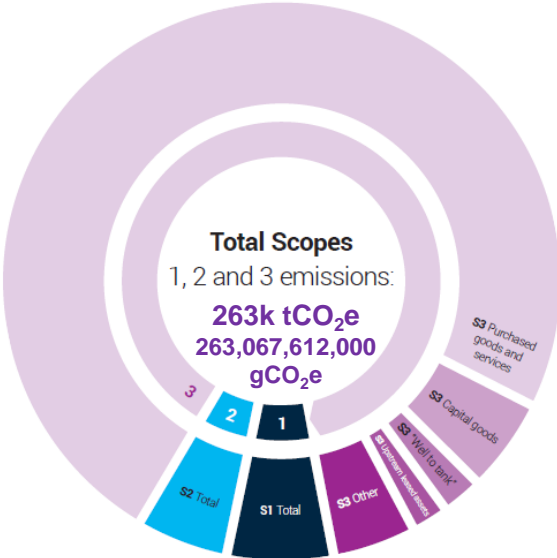
Categories not applicable (nil emissions)

- Processing of sold products (Cat 10): our products are not processed before use
- Downstream leased assets (Cat 13)
- Franchises (Cat 14)



Our current emissions footprint... and what that looks like in real life

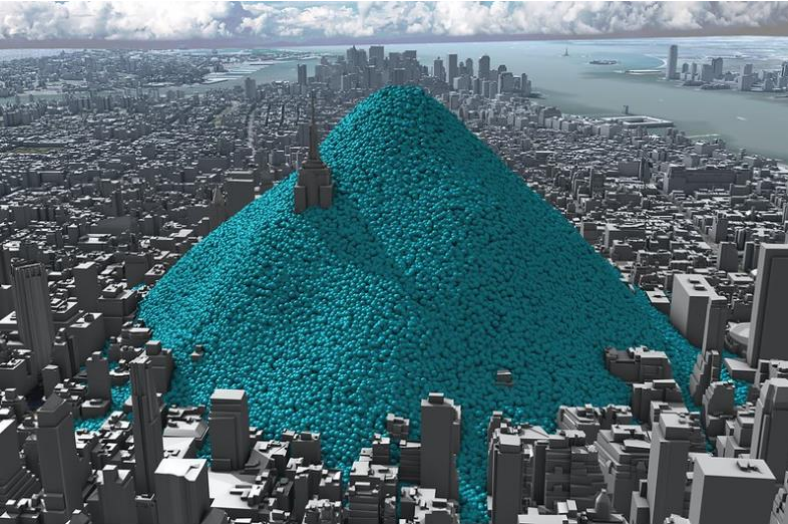
Our FY23 emissions footprint



1 tonne CO₂



148,900 tonnes CO₂ - 57% of our total emissions



1 x Text Message sent = 0.014g CO₂e



1 x Email sent = 4g CO₂e

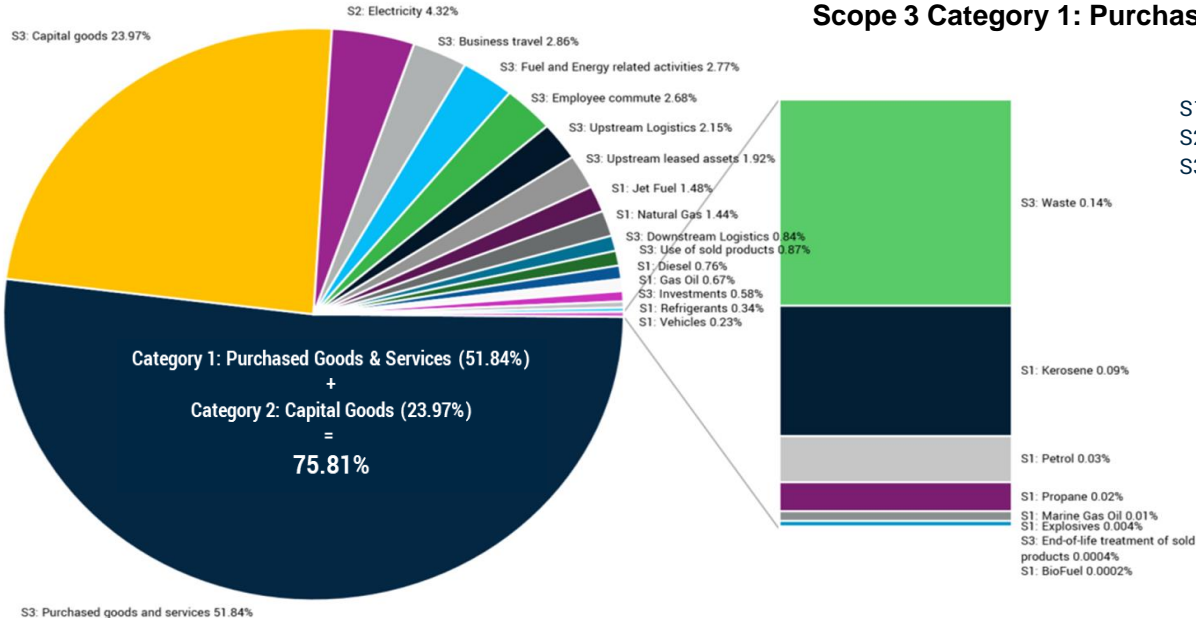


1 mile driven in an average brand new petrol or diesel car = 159g CO₂e



How can our supply chain help achieve QinetiQ's Net-Zero targets?

In FY23, 76% of QinetiQ's global footprint of greenhouse gas emissions (the measure of our negative contribution to climate change), resulted from the goods and services we procured from our suppliers, making our upstream activities our biggest impact.



S1 = Scope 1 = Emissions directly from QinetiQ fuel usage
 S2 = Scope 2 = Emissions from our Electricity usage
 S3 = Scope 3 = Emissions resulting from other activities



The legal bit



Standard clause: net-zero standard for suppliers (Matilda)

What is it?

- A simplified supply chain clause, requiring collaboration on meeting decarbonisation targets and reporting together.

Key points:

Suppliers:

- Minimise GHG emissions
- Commit to science based NZ targets
- Provide reporting data to Purchaser (QinetiQ) as it may require
- (Where further sub-contracting):
 - highlight climate change and NZ as central to its supply chain
 - Create an environment for suppliers to challenge, innovate and offer lower GHG emissions
 - Cascade down obligations where possible.

Standard form clause continued

How to use it:

- Annex is to any supply agreement; or
- Incorporate into main agreement terms.

When it's used:

- In all UK subcontracts (currently - UK only)

Practical tips:

- Use the same defined terms (see TCLP glossary)
- Include and check correct clause references
- Explain it to your team so they understand how to use it, and how to manage that clause going forward

Short-form version of the clause

What is it?

- Short form version of the clause above

Key points:

- Two short paragraphs
- Noting that the purchaser (QinetiQ) is committed to reducing GHG emissions and wishes to encourage climate change improvements in wider supply chain
- Sharing QinetiQ's NZ plan
- Parties acknowledge their “common intention to minimise the impact of fulfilling their obligations under this Agreement on climate change, including minimising GHG emissions.”

Short-form version of the clause

How to use it:

- Within the body of a supply contract

When it's used:

- Within PO Ts and Cs


Practical tips:

- As for previous clause
- Nothing to stop you progressing to using the standard form instead - speak to QinetiQ

Challenges and barriers



Question: what would be the main barriers to implementing climate clauses in your organisation?

A thick, bright pink line starts from the bottom right corner and extends diagonally upwards and to the left, ending near the center of the bottom edge of the slide.

01

Cost

- Cost and risk allocation is uncertain
- *“I don’t have budget this year, I’ll think about it next year”*

02

Infrastructure

- Buy-in from relevant teams
- Data availability
- Contract management
- Business norms (resistant mindset)

03

Awareness/expertise

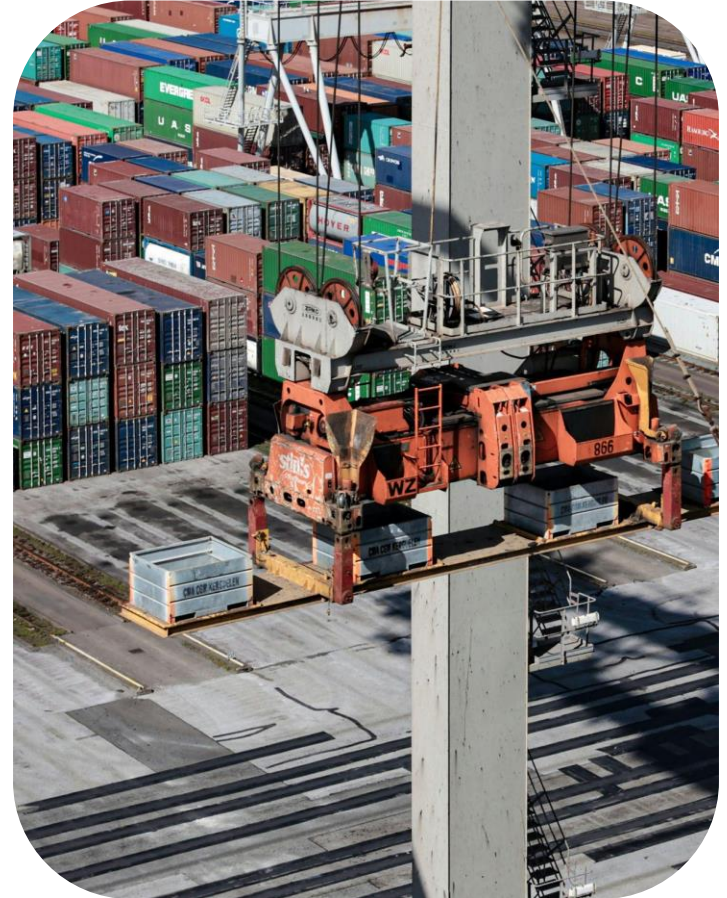
- An urgent need to upskill
- Guides

Teamwork: supplier engagement and collaboration



Collaboration is key

- Recognition that across QinetiQ's complex supply chain, everyone is at a different stage on their journey
- Open communication about what support may be needed, or available
- Start early and anticipate upcoming work together
- Time and respect
- Ultimate goals do need to be achieved
- **Question: What does our supply chain need from QQ or TCLP to help our suppliers embed these requirements?**





Micro, small and medium-sized organisations may struggle to respond to information requests. This should not automatically exclude them from a contract.

Questions for QinetiQ's key suppliers



- Is there a knowledge gap that needs filling?
- How can you use climate contracting to support your organisation's goals?
- What barriers might you face when introducing climate clauses (internal or external)?
- How can TCLP help you overcome those barriers?

The image features a dark blue background with four large, thick, pink geometric shapes in the corners. Each shape is a right-angled triangle with a small notch at the vertex, pointing towards the center. The top-left and bottom-right shapes are oriented towards the center, while the top-right and bottom-left shapes are oriented away from the center.

Thank you