



CREATING DIVERSE & INCLUSIVE SUPPLY CHAINS



+ What is Diversity & Inclusion?

Addressing issues of diversity and inclusion (D&I), both within your direct operations and throughout your value chain, aims to ensure that your employees and stakeholders are treated equitably and with dignity and respect, and that a wide range of voices are being taken into account in creating company strategy.

Diversity in the workplace means that an organisation employs a diverse team of people, reflective of the societies in which it operates. Diversity incorporates all the elements that make individuals unique from one another, for example gender, age, identity, neurodiversity, disability, race, ethnicity or religion

Inclusion is ensuring equal access to opportunities and resources for all, including those who might otherwise be excluded or marginalised. An inclusive workplace ensures that the voices and opinions of everyone are heard and considered, creating an environment where everyone feels respected and valued.

+ Good for people, good for business

Creating diverse and inclusive supply chains has evolved from a tick-box corporate social responsibility (CSR) requirement to a strategic and social impact enabler. In addition to driving social and economic benefits within the targeted/local communities, there are numerous business benefits of supplier diversity and inclusion, beyond meeting regulatory requirements.

For example, creating a more diverse and inclusive supplier base can:

- Improve corporate image and reputation in the marketplace
- Support corporate culture around diversity and social responsibility
- Gain access to new technology and innovative products and services
- Gain access to local sources of supply to improve service and quality
- Gain unique market insights from suppliers
- Increase market share/awareness in targeted markets
- Appeal to a more diverse customer base
- Achieve greater levels of entrepreneurialism, agility and flexibility



+ Where to start

- Put in place a Supplier Code of Conduct and share it with key suppliers. This is a statement of expected behaviour which guides conduct and business ethics. Your suppliers should be expected to honour and follow the code as a condition of your working relationship, and an extension of your own vision, mission and values. You can include a stand-alone section on D&I or it can be included under a labour and human rights section.
- Communicate that you expect suppliers to have a written and Board/ownership approved policy on diversity and inclusion and be prepared to share your own D&I policy on request.

+ Small steps

For many companies without extensive or complex supply chains, building a more diverse and inclusive list of suppliers can seem like a daunting challenge.

The key is to **start small**.

- Can you support producers in developing countries to achieve sustainable and equitable trade relations through purchasing Fair Trade tea and coffee for the office, for example, or support a local milk delivery service?
- If you use external services - and these can range from catering, floristry, or cleaning, to HR, accounting, marketing or tech development and many more - can you support a diverse range of providers?
- Start by making a list of your existing suppliers and identifying any areas where a change might be possible.
- Can you proactively look for suppliers that have built D&I into the core of how they conduct their business?

+ Collecting data

For companies with more complex supply chains, a baseline understanding of where your procurement spend is going is essential. To understand the current level of diversity & inclusion in your supply chain and identify gaps and areas for potential improvement, you may need to collect data from your suppliers:

- D&I data can provide valuable information to guide longer-term decision making and to shape a D&I strategy bespoke to your business. It also creates a benchmark for any progress made.
- Before you start, make sure you are clear on your final objectives and the practical next steps you will take once the data has been collected and analysed, for example broadening your pool of potential suppliers to include more female or BIPOC owned companies.
- Data can be collected through a questionnaire or survey for existing suppliers, and collected at point of contract for any new suppliers.

Regardless of your reasoning for collecting D&I data, ensuring open and regular lines of communication with your suppliers is essential.

+ Supplier questionnaire

A supplier questionnaire usually covers a range of components across environmental, social and governance (ESG) issues. However, you may choose to solely focus on D&I.

The questionnaire can be used for initial screening during the procurement process and/or for existing suppliers. It will help communicate to your suppliers that you take sustainability, including diversity & inclusion, seriously. The questionnaire should cover the current makeup of the supplier's workforce but can also include information gathering around policies the supplier has in place and management of discrimination and human rights issues.

Transparency is vital when collecting data – it must be made clear to your suppliers and their employees why the data is being collected. Each question should include a 'prefer not to say' option and answers should remain anonymous. Ensure that all involved parties are kept up to date with the data analysis and any progress made.