



# Inclusive and Responsible Supply chains: Supplier Diversity Leadership in Sustainable Purchasing

Victoria Fulkerson

***Problem:*** Supplier Diversity practitioners should leverage sustainability, not fear it. However, most environmental sustainability practitioners do not view supplier diversity as a related responsibility. Corporate environmental sustainability efforts typically have larger budgets and staff than corporate supplier diversity programs.

***Recommendation:*** These areas of focus must merge for sustained success. The future of responsible corporate procurement relies on both sustainability and supplier diversity. Practitioners must become proficient in both areas to drive impact in the future.



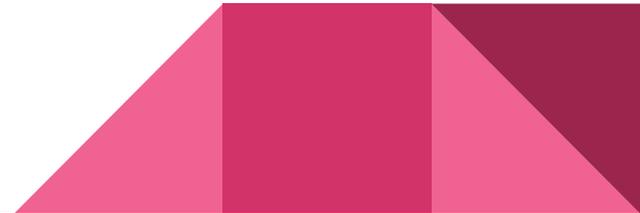
# What is Supplier Diversity?

**Definition:** Intentional inclusion of socially and/or economically disadvantaged groups in procurement opportunities.

**What it really means:** Access to Opportunity

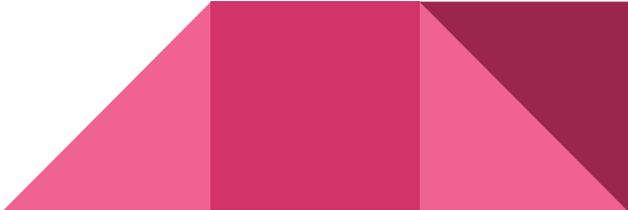
Supplier diversity is about building sustainable economic strength in diverse communities through owning and building enterprises, providing jobs, and pursuing contracting opportunities.

**Business Impact:** Stronger results, innovation, cost savings, competitive solutions



# Who are Diverse Suppliers?

Diverse suppliers are for-profit businesses that are at least 51% owned, operated and controlled by:

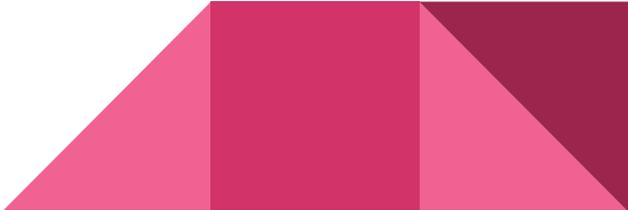
- African-American, Hispanic-American, Asian-American, Native-American
  - Women
  - U.S. Veterans and service-disabled veterans
  - Lesbian, gay, bisexual and/or transgender persons
  - Persons with disabilities
- 

# Corporate Supplier Diversity

**March 5, 1969:** President Nixon signed Executive Order 11458 which required government agencies and their contractors to contract with minority-owned companies and to report the results against pre-established goals.

**Today,** 90% of Fortune 500 corporations have supplier programs inclusive of minority and women business enterprises (MWBES) and nearly 50% proactively include LGBT suppliers in their programs.

***Circle of Corporate Diversity***



# What is Sustainable Purchasing?

The Sustainable Purchasing Leadership Council (SPLC) outlines three key factors affecting sustainable purchasing: **Social, Environmental, and Economic (ESE)** with Economic specifically including supplier diversity.

SPLC is one of the only leading sustainability organizations to specifically include supplier diversity in its definition.

Institute for Supply Management (ISM) Principles of Sustainability and Social Responsibility include supplier diversity.



## Social

Social factors affect the social systems on which communities depend, now and in the future.

- + anti-discrimination
- + community engagement
- + diversity/equal opportunity
- + employee engagement
- + equal remuneration
- + fair trade
- + freedom of association
- + grievance & remedy processes
- + human rights
- + indigenous rights
- + occupational health & safety
- + right to collective bargaining
- + sustainable compensation
- + training and education
- + worker rights
- child labor
- forced/compulsory labor
- human trafficking
- sourcing from conflict zones

## Environmental

Environmental factors affect the natural systems on which life depends, now and in the future.

- + biodiversity preservation
- + climate adaptation
- + resource optimization
- + soil health stewardship
- acidification
- desertification
- eutrophication
- freshwater pollution
- greenhouse gas emissions
- habitat depletion
- human health impacts
- land use change
- marine pollution
- ozone depletion
- radiation pollution
- resource depletion
- smog
- waste
- water consumption

## Economic

Economic factors affect the financial systems on which our markets depend, now and in the future.

- + fair dealings
- + innovation research / investment
- + open competition
- + transparency of information
- + use of diverse suppliers
- + use of HUB zones
- + use of local suppliers
- conflicts of interest
- corruption (bribery, extortion...)
- dividing territories
- dumping
- exclusive dealing
- misleading market claims
- monopoly (seller collusion)
- monopsony (buyer collusion)
- patent misuse
- price fixing
- product tying
- refusal to deal

# Sustainable Purchasing Leadership Council 2016 Summit

## Inclusive and Responsible Supply Chains: Supplier Diversity Leadership in Sustainable Purchasing

3:00 PM - 4:00 PM, Wednesday, May 25, 2016 | Room: TBD



Joan Kerr

Pacific Gas & Electric  
Company



Kimberly Moore

The Allstate Insurance  
Group



Marcia Seymour

TD Bank Group



Victoria Fulkerson

NGLCC - National Gay &  
Lesbian Chamber of  
Commerce

# Practitioner Recommendations

## ***Sustainability Standards must include Supplier Diversity***

- Internal corporate policy
- External: Sustainability Accounting Standards Board (SASB) and others must include requirements related to supplier diversity

## ***Updated Department Structures***

Ethical Sourcing or Responsible Sourcing divisions must be established to address both supplier diversity and sustainability together in procurement

- Remove silos and barriers between initiatives



# Practitioner Recommendations

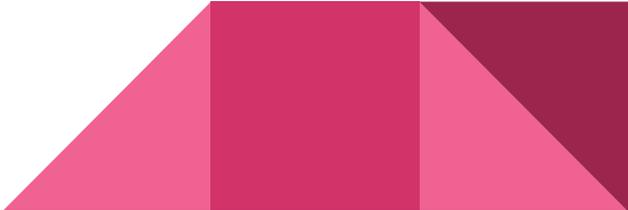
## ***Economic Impact Studies***

Include Supplier Diversity and Sustainability

- Company impact (revenue, cost savings, efficiency)
- Community impact (employment, income, development)

## ***Supplier Education & Communication***

Diversity and Sustainability are Competitive Advantages for Suppliers

- PG&E Diverse Suppliers Go Green Toolkit
  - Allstate Supplier Benchmarking & Education
  - TD Bank Supplier Code of Conduct and Questionnaire
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# PG&E Diverse Suppliers Go Green Toolkit

## Developing, Implementing, Tracking

- Developing your green policy
- Green business self-assessment
- Developing, implementing, and tracking your green plan
- Communicating your green program

## Green Training Opportunities

## Energy Steps Towards Energy Savings

## Green Incentives and Credits

## Green Certifications for your Business (Scholarships)

- ISO 14001: Environmental Management Systems
- California Green Business Program
- SmartWaySM Transport – Fleet Certification
- Green Suppliers Network – Small and Medium Manufacturers
- Leadership in Energy and Environmental Design (LEED)



# TD Bank Responsible Procurement Policy

Our Responsible Procurement Policy embeds a wide range of sustainability criteria into TD's sourcing practices and decisions.

Prospective suppliers must complete a questionnaire that encompasses their:

- Corporate responsibility performance
- Health and safety record
- Human rights and labour practices, including child or forced labour
- Diversity and inclusion efforts
- Code of conduct, ethics and anti-bribery/anti-corruption practices
- Environmental sustainability efforts

The questionnaire and risk assessment process help ensure that TD extends its responsible procurement agenda into the supply market. We assign a risk rating to the type of product or service being sourced and apply enhanced due diligence to higher-risk categories.

Results from our Responsible Procurement Program in 2014: (108 Suppliers)

- All suppliers agreed to participate in the survey
- Three suppliers improved their health and safety policies and procedures
- Seven suppliers improved their ethical policies and procedures
- 11 suppliers improved their environmental policies and procedures
- 12 suppliers improved human and labour rights policies and procedures (including anti-discrimination, child and forced labour)





Questions?