

What is Supplier Diversity and why should organisations care?

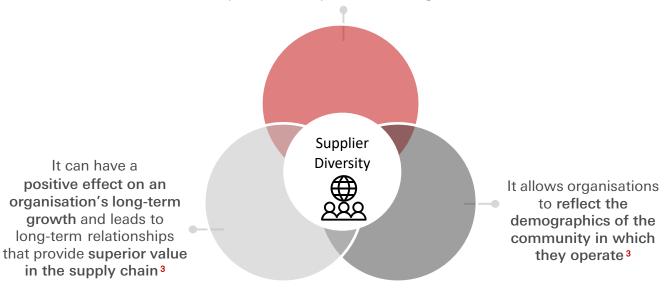
Strategic Procurement Services can improve HSBC's ESG performance and create a more inclusive economy by addressing Supplier Diversity within our processes and procedures.

This document focuses on the impact Strategic Procurement Services can make with respect to Supplier Diversity.

Sources

"Supplier Diversity is a process through which equal opportunities are provided to all businesses to compete" 1

> It is the creation of a diverse supply chain to increase the inclusion of underrepresented groups in the procurement processes of organisations³



A diverse supplier is a business that is at least 51% owned and operated by an individual or group that is part of a traditionally underrepresented or underserved group 2 - for example a business 51% owned and operated by women (HSBC use the ECC which is a wholly female owned business for maternity transition coaching).

See https://executive-coaching.co.uk/ for more information.



It can have a positive effect on an

growth and leads to

in the supply chain³

Supplier Diversity – A Guide for Purchasing Organisations, De Montfort University, CRÈME, 2006

²Why You Need a Supplier-Diversity Program Harvard Business ReviewSkills, 2020

Supplier Diversity: Unlocking Innovation, Driving Competitiveness and Enhancing Reputation, MSDUK, 2019

How we find, support and partner with a diverse range of suppliers

Supplier journey through HSBC sourcing process Support Find **Partner** To increase Supplier Diversity we need to Diverse suppliers need to be supported through our Once successful, HSBC need to partner increase the number of diverse suppliers procurement process in order to be successful. with diverse suppliers and help them develop their offerings. within our database. **Outreach Initiatives** Invitation to RFP Relationship Management **Payment** RFP Guidance/Q&A **RFP Feedback Contracting** Moments that matter **Developmental Feedback and** Increase diverse supplier **Ensure diverse suppliers Developmental Feedback** Contracting **Promote Supplier Diversity** are included engagement Whether successful or not, it is important Support Provide constructive feedback on diverse to provide feedback to diverse suppliers Make clear that HSBC Promote diversity by We need to suppliers' products / services, enabling them is open for doing utilising our memberships be on hand to to enable them to develop their offering. to improve their offering. In addition, promote business with diverse of supplier diversity offer help and Ensure you take the time to do this. and educate suppliers on Supplier Diversity. suppliers through organisations (in specific guidance on which can lead to Tier 2 Diversity. updating Supplier countries) to source the contracting Support through RFx Diversity information diverse suppliers across processes. on the website and Providing diverse suppliers with support our categories, and Contracts need **Prompt Payment** throughout the RFx process means they are more ensure where possible to work for both being active members We need to ensure our suppliers are always paid on of supplier diversity that diverse suppliers are likely to be successful. Your support helps to diverse suppliers time. Diverse suppliers tend to be smaller and can and HSBC. organisations. included in RFxs. ensure a level-playing field for diverse suppliers. suffer from cash-flow related problems.



We are taking actions across these pivotal moments that matter.



What are the benefits of focusing on Supplier Diversity?

Innovation Source

- Thinking differently brings diversity of thought and innovation opportunities through new ideas, expertise, products and services. Something that has amplified due
- to Covid-191,4
- Entrepreneurial approach can boost business development⁴

Market Competitiveness

- Supplier Diversity has the potential to increase a firm's customer base by providing access to wider and more diverse markets 4
- More sourcing options brings new opportunities, flexibility and creativity to develop competitive differentiators and drive revenue
- Smaller diverse businesses can be more agile in cases, making supply chains more resilient¹

Lowers Costs

 Supplier Diversity widens the pool of potential suppliers promoting competition in the supply base, which can improve product quality and drive down costs^{1,2}

Supports Local Communities

- By doing business with diverse businesses, you directly support local economies and communities ²
- It allows organisations to reflect the demographics of the community in which they operate.
 Suppliers' knowledge can be leveraged to better understand and meet the needs of diverse groups

Enhances Brand

- 88% of customers want companies that are ethical and make a positive impact³
- Reporting upon initiatives and progress in Supplier Diversity can boost a brand's image^{1,4}

Sources: ¹Why You Need a Supplier-Diversity Program Harvard Business ReviewSkills, 2020 ²Supplier Diversity: Moving Beyond Compliance Drive Meaningful Value, The Hackett Group, 2019 ³The Good Life Goals, Futerra, 2018 ¹Supplier Diversity: Unlocking Innovation, Driving Competitiveness and Enhancing Reputation, MSDUK, 2019



Thanks for reading our approach to Supplier Diversity

Whether you are a supplier or simply a passionate person on diversity, please get in touch with Bruce Cockrean to provide your feedback on:

- These potential future initiatives or suggestions on any additional initiatives you think that could be implemented to drive Supplier Diversity at HSBC.
- Any other sections of the document you are keen to discuss further.





