Summary of HSBC
Supplier Diversity Journey

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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
1 Supplier Diversity – A Guide for Purchasing Organisations, De Montfort University, CRÈME, 2006
2 Why You Need a Supplier-Diversity Program Harvard Business ReviewSkills, 2020
3 Supplier Diversity: Unlocking Innovation, Driving Competitiveness and Enhancing Reputation, MSDUK, 2019

“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

It can have a positive effect on an organisation’s long-term growth and leads to long-term relationships that provide superior value in the supply chain³

It allows organisations to reflect the demographics of the community in which they operate³

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 group² - 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.
# How we find, support and partner with a diverse range of suppliers

## Find
To increase Supplier Diversity we need to increase the number of diverse suppliers within our database.

## Support
Diverse suppliers need to be supported through our procurement process in order to be successful.

## Partner
Once successful, HSBC need to partner with diverse suppliers and help them develop their offerings.

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## Supplier journey through HSBC sourcing process

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### Outreach Initiatives
- Increase diverse supplier engagement
  - Make clear that HSBC is open for doing business with diverse suppliers by updating Supplier Diversity information on the website and being active members of supplier diversity organisations.
- Ensure diverse suppliers are included
  - Promote diversity by utilising our memberships of supplier diversity organisations (in specific countries) to source diverse suppliers across our categories, and ensure where possible that diverse suppliers are included in RFxs.

### Invitation to RFP
- Developmental Feedback
  - Whether successful or not, it is important to provide feedback to diverse suppliers to enable them to develop their offering. Ensure you take the time to do this.

### RFP Guidance/Q&A
- Developmental Feedback and Promote Supplier Diversity
  - Provide constructive feedback on diverse suppliers’ products/services, enabling them to improve their offering. In addition, promote and educate suppliers on Supplier Diversity, which can lead to Tier 2 Diversity.

### RFP Feedback Contracting
- Support through RFx
  - Providing diverse suppliers with support throughout the RFx process means they are more likely to be successful. Your support helps to ensure a level-playing field for diverse suppliers.

### Contracting Support
- We need to be on hand to offer help and guidance on the contracting processes. Contracts need to work for both diverse suppliers and HSBC.

### Relationship Management
- Prompt Payment
  - We need to ensure our suppliers are always paid on time. Diverse suppliers tend to be smaller and can suffer from cash-flow related problems.

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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-19.
- Entrepreneurial approach can boost business development.

**Market Competitiveness**
- Supplier Diversity has the potential to increase a firm’s customer base by providing access to wider and more diverse markets.
- 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 resilient.

**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.

**Supports Local Communities**
- By doing business with diverse businesses, you directly support local economies and communities.
- 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 impact.
- Reporting upon initiatives and progress in Supplier Diversity can boost a brand’s image.

Sources:
2. Supplier Diversity: Moving Beyond Compliance Drive Meaningful Value, The Hackett Group, 2019
3. The Good Life Goals, Futerra, 2018
4. Supplier 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.

Please email
bruce.cockrean@hsbc.com