

Supplier Diversity Guide

By following this template organisations can develop a comprehensive supplier diversity approach to improving diversity and inclusion within their supply chain.

Supplier diversity guide for Australian resources companies

Introduction

Supplier diversity is a key driver for creating a more inclusive and equitable business environment. By using diverse suppliers, companies in the resources sector can help to empower marginalised communities and ensure a fair and ethical supply chain.

Embracing a diverse range of suppliers – including businesses owned by minorities, women, Indigenous groups, and other underrepresented communities – also contributes to the resources sector's long-term success as it navigates the complex landscape of global markets.

Key advantages include:

- **Access to emerging markets:** Diverse suppliers often have unique insights into emerging markets, providing resources companies with opportunities to expand their global reach.
- **Competitive advantage:** Companies that embrace supplier diversity gain a competitive edge by positioning themselves as leaders in sustainable and socially responsible business practices.
- **Compliance:** Many jurisdictions have regulations and policies promoting diversity and inclusion in procurement. Engaging diverse suppliers ensures compliance with these legal requirements and reduces the risk of legal challenges or sanctions.
- **Innovation:** Diverse suppliers bring unique perspectives and experiences to the table, fostering creativity and driving innovation in operations, processes, and technologies.

- **Local economic development:** Engaging with diverse suppliers creates job opportunities, supports local businesses, and stimulates economic growth in local areas.
- **Long-term relationship building:** Partnerships with diverse suppliers contribute to stable and sustainable supply chains, supporting the resources industry's long-term success.
- **Reputation:** Embracing diverse suppliers aligns with regulatory and ethical standards. This enhances a company's reputation and appeals to investors, customers, and partners who prioritise responsible business practices.
- **Risk mitigation and resilience:** Building a diverse supplier base reduces dependence on a limited number of suppliers, enhancing resilience to market fluctuations, geopolitical uncertainties, and supply chain disruptions.
- **Social license to operate:** Demonstrating a commitment to diversity and inclusion through supplier engagement contributes to community trust, reduces conflicts, and fosters a more cooperative relationship with local stakeholders.
- **Workforce diversity and inclusion:** Engaging diverse suppliers can have a positive ripple effect on workforce diversity and inclusion within the resources industry.

Section 1: Why supplier diversity matters

1.1 Business case for supplier diversity

As outlined above, engaging diverse suppliers in the resources sector provides a range of economic and strategic advantages that can contribute to long-term success. For companies, added benefits include:

- Cost savings
- Greater efficiency
- Access to government contracts.

By realising the economic and strategic advantages of using diverse suppliers, resource companies can:

- Build stronger, more resilient supply chains
- Drive innovation
- Contribute to sustainable economic development in the communities where they operate.

Engaging diverse suppliers is not just a compliance requirement; it is a strategic imperative for long-term success in the dynamic and competitive resources sector.

1.2 Supplier diversity and corporate social responsibility

Supplier diversity is a critical component of corporate social responsibility. By choosing diverse suppliers, companies not only contribute to the social and economic advancement of underrepresented communities but also demonstrate a commitment to fair business practices.

This inclusive approach aligns with stakeholders' expectations for ethical and socially responsible conduct, leading to increased stakeholder satisfaction. Stakeholders – including customers, investors, employees, and the broader community – are more likely to support and engage with companies that prioritise supplier diversity.

Section 2: Developing a supplier diversity program

2.1 Establishing goals and objectives

Define goals for supplier diversity that are:

- Specific
- Measurable
- Time-bound.

For example: "Achieve a 20% increase in the procurement of goods and services from Indigenous-owned suppliers within the next two financial years." This goal not only outlines the specific diversity category (Indigenous-owned), making it clear and focused, but it also sets a measurable target with a defined timeline, allowing for effective tracking and evaluation of progress.

2.2 Leadership commitment

Leadership buy-in is not just a symbolic gesture but a catalyst for real and sustainable change in supplier diversity practices. Leaders play a crucial role in:

- Establishing supplier diversity policies
- Allocating resources to prioritise supplier diversity
- Overcoming potential challenges,
- Integrating supplier diversity into strategic decision-making
- Motivating employees at all levels to participate in and support these initiatives.

2.3 Creating inclusive policies

Develop policies that promote fair competition and provide opportunities for diverse suppliers. Address potential barriers and biases in the procurement process. See the Supplier Diversity Policy template

Section 3: Evaluation and measurement

3.1 Performance metrics

Define key performance indicators (KPIs) for measuring the success of your supplier diversity program. These could include:

- Quantitative metrics (such as the percentage increase in procurement from diverse suppliers over a defined period)
- The number of new diverse suppliers onboarded
- The overall diversity composition of the supply chain
- Qualitative indicators, like supplier satisfaction, successful supplier development initiatives, and the establishment of long-term partnerships with local and Indigenous suppliers.

These KPIs collectively will work to ensure alignment with diversity objectives while contributing to the sustainable and inclusive growth of the company.

Monitoring compliance with diversity goals, tracking cost savings or efficiencies achieved through supplier diversity, and assessing the impact on local community

development are essential. Regular reporting and assessment processes should also be established.

Section 4: Collaborating with stakeholders

4.1 Partnerships and alliances

Collaboration with industry associations, government bodies, and community organisations to support supplier diversity efforts should be outlined and formalised.

Section 5: Continuous improvement

5.1 Feedback and adaptation

Establish mechanisms for receiving feedback from suppliers and stakeholders. Demonstrate a commitment to continuous improvement based on feedback and evolving industry best practices.

Conclusion

Summarise the key points of the guide and emphasise the long-term benefits for the company of fostering diversity in the supply chain. Encourage ongoing commitment and engagement from all stakeholders.

Appendix

Include relevant templates, checklists, and additional resources to support the implementation of supplier diversity initiatives.