

## TOOL 2.5

### Developing a Code of Conduct for Increasing Engagement with Women-Owned Businesses

- » **GOAL:** Develop a protocol and clear set of guidelines for increasing engagement with women-owned businesses
- » **TARGET UNITS:** Procurement

#### The Role of Codes of Conduct

Even before your company has fully developed its gender equity policy, a formal code of conduct can help outline a commitment to gender diversity in the supply chain. Also known as a code of ethics, the code of conduct is a corporate policy that guides employees on behaviors extending well beyond processes and procedures. It details the company values that underpin all activities, goals, and objectives. Having in place a supplier diversity code of conduct sends a signal to all staff that it is a core company value and prioritized business principle. It also offers guidance on integrating this value into procurement operations.

Be sure to collaborate with the various relevant units in developing such a code, including the gender equity task force, procurement, legal, business services, and compliance. Representation from senior management is equally important.

You may decide to sign on to an existing code of conduct, such as the one developed by WEConnect International and the Royal Bank of Scotland (see Box 2C). Or you might want to develop your own code as a start towards a more comprehensive gender diversity program.

#### Developing a Supplier Diversity Code of Conduct in 5 Steps

Follow these five steps to create a supplier diversity code of conduct.

##### Code development step 1: Establish objectives for supply chain gender diversification.

These might include:

- Creating a more innovative and competitive marketplace for suppliers
- Creating more economic opportunities for diverse suppliers within the surrounding community
- Creating procurement opportunities that reflect the diversity of the local community
- Developing a procurement plan that aligns with the values of the company and with the general procurement policy

### BOX 2C | WEConnect and the Royal Bank of Scotland: Supplier Diversity Code of Conduct

WEConnect International and the Royal Bank of Scotland developed a template for a supplier diversity code of conduct. Companies can sign on to the code, which serves as a strong signal to internal and external stakeholders about their intent to update procurement policies, community engagement, and monitoring and evaluation metrics to support greater engagement with local women-owned businesses. The code's objective is to define company commitments and lay the groundwork for a more specific and detailed plan of action to increase gender diversity in the supply chain.

For more information: [weconnectinternational.org](https://weconnectinternational.org)

#### Code development step 2: Define key terms.

- What does a gender-diverse supply chain mean for your company? For instance, how will your company define women-owned businesses? (For more details on the potential criteria to consider, see [TOOL 2.3](#).)
- What percentage of women-owned suppliers is your company's target?

#### Code development step 3: Identify the code's scope.

- Will the code apply to all employees with procurement responsibilities?
- What about Tier 1 and 2 suppliers? Are they expected to abide by the code in their own dealings with suppliers and contractors?

#### Code development step 4: Outline key principles.

This involves defining the guiding principles to which the code's signatories are committing, such as:

- Reviewing supplier criteria to ensure that they are not creating an unnecessary and undue burden on new or smaller companies.
- Communicating more effectively with potential suppliers to ensure that RFX reach a wider range of potential suppliers: There are several ways to do so, such as hosting/participating in supplier conferences and making procurement policies more accessible and easier to understand.
- Exploring options to reduce contract size: For instance, decoupling multiple activities so they are not bundled as part of a larger contract. This will ensure that smaller, women-owned businesses are not excluded from eligibility.

- Simplifying and streamlining the application and contracting processes to reduce the time burden on smaller suppliers.
- Reviewing contract award criteria to focus on value for money, rather than simply the lowest -cost options.
- Reviewing payment procedures to ensure that payments are made promptly and within short timeframes to reduce pressure on smaller firms.
- Providing feedback to firms on unsuccessful bids as part of supplier development programs.
- Ensuring that small business development initiatives support businesses of all sizes: This includes exploring opportunities to work with microenterprises and ensuring that small business development programs have a connection to funding mechanisms to create more meaningful opportunities.
- Partner with suppliers to explore options for low-cost innovation.<sup>29</sup>

### Code development step 5: Monitor and evaluate.

Commit to effective and ongoing monitoring and evaluation, with indicators for:

- Number and type of suppliers
- Effectiveness of training activities
- Cost effectiveness of suppliers.<sup>30</sup>

### Adopting a Supplier Diversity Code of Conduct in 4 Steps

Developing the code is only the first phase. The next phase involves rolling out the code company-wide and ensuring adoption and uptake. Here are the steps to take in helping your company adopt the newly developed code of conduct.

#### Code adoption step 1: Share details of the code with key managers and gain buy-in by involving them.

- Engage with heads of key departments, including procurement, legal, compliance, sustainability, and business services, as well as senior management to review, amend, and finalize the code. Endorsement from the highest levels is critical to successful implementation.

<sup>29</sup> The information in Step 4 draws on: UN Women, *The Power of Procurement: How to Source from Women-Owned Businesses*, and Connaughton and Gibbons, *"Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Value Proposition,"* Atlanta: The Hackett Group, 2016.

<sup>30</sup> WEConnect International and Royal Bank of Scotland, *Supplier Diversity and Inclusion Code of Conduct: Adopting the Code*.

## Code adoption step 2: Set a timeline for development of a more comprehensive gender-inclusive local procurement policy.

This should include updated procurement criteria and procedures and updated communication and training plans.

## Code adoption step 3: Design a communication plan for the rollout.

- How, when, and where will the new code be unveiled?
- Identify specific strategies and approaches for communicating with staff, corporate stakeholders, other companies, and the community.

## Code adoption step 4: Develop a monitoring and evaluation plan.<sup>31</sup>

How will successful implementation of the plan be monitored? Potential indicators might include:

- Percentage of spend with diverse suppliers
- Number or percentage of suppliers classified as “diverse”
- Percentage of suppliers meeting or exceeding expectations
- Number or percentage of “diverse” suppliers that are strategic partners

<sup>31</sup> Based on Connaughton and Gibbons, [“Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Value Proposition,”](#) 3.