

# Environmental, Social and Governance, and Supplier Diversity

Everything you wanted to know but were afraid to ask

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# The Playbook

# Environmental, Social and Governance and Supplier Diversity

How corporate partners can celebrate and elevate diverse suppliers

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# What is Environmental, Social and Governance?

ESG is the acronym everyone loves to hate. We just think of ESG as a risk assessment and management tool that recognizes the realities of doing business in today's world.

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# What does ESG have to do with Supplier Diversity?

Social metrics, or the "S" in ESG can be difficult to meaningfully quantify and track.

Supplier diversity can provide existing metrics and certification programs that align with ESG reporting.

For example, our company is a Certified LGBT Business Enterprise. When our clients work with us, we help diversify their supply chain.

Supply chain diversity is also recognized by various ESG reporting frameworks.



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# What does ESG have to do with Supplier Diversity?

Social metrics can sometimes be difficult to meaningfully quantify and track.

That said, diverse suppliers are recognized by many ESG reporting frameworks, and industry leaders track and report this information.

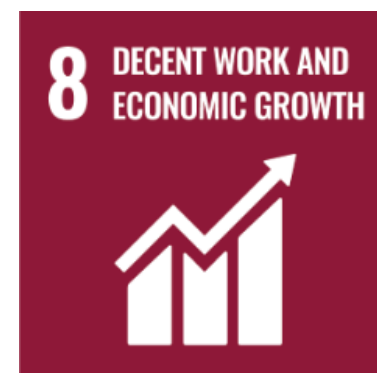
For example, a diverse supply chain aligns with several of the Sustainable Development Goals. Two examples:

Gender equality and empower all women and girls



<https://sdgs.un.org/goals/goal5>

Decent work and economic growth



<https://sdgs.un.org/goals/goal8>

# What does ESG have to do with Supplier Diversity?

**As another example, the Global Reporting Initiative presents opportunities to highlight diverse suppliers:**

**GRI Disclosure 2-6 Activities, Value Chain, and other Business Relationships**

"The organization shall: a. report the sector(s) in which it is active; describe its value chain, including: i. the organization's activities, products, services, and markets served; ii. **the organization's supply chain**; iii. the entities downstream from the organization and their activities;

Guidance to 2-6-b-ii The organization can describe: the types of suppliers (e.g., brokers, contractors, wholesalers); **the estimated number of suppliers throughout its supply chain and in each tier (e.g., first tier, second tier)...**"

GRI 2: General Disclosures 2021 (emphasis added)

# What can you do?

**Tracking diverse spend is important; providing meaningful mentorship and opportunities for diverse suppliers is even better.**

**Establish and embed meaningful training and educational opportunities.**

**This helps to build and nurture relationships with these suppliers.**

**It also helps mitigate the disproportionate impacts of ESG-related requests on diverse-owned firms, as many do not have ESG teams or even a dedicated sustainability professional.**

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# What can you do?

**Consider contractual language that supports diversity in your supply chain.**

Example:

Washington State Office of Minority and Women's Business Enterprises  
Tools for Equity in Public Spending, Contract Language Best Practices

"Contractor shall make genuine efforts to ensure all available business enterprises, including small and diverse businesses, have equal opportunity for participation which may be presented under this Agreement...Examples of genuine efforts include...**providing training.**"

<https://omwbe.wa.gov/sites/default/files/public/tools-for-equity/Contract-Language-Best-Practices.pdf> (emphasis added)

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# What can you do?

**Consider contractual language that supports diversity in your supply chain.**

Start a conversation with your service provider:

"Diversity makes our work better and helps us better serve our customers. We believe your company will provide better service if your team is diverse and if you diversify your own supply chain. We ask that, at a minimum, you ensure the work you do for our company is staffed by a diverse range of professionals that reflects our diverse customer base."

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# What can you do?

## Corporate Partners

Celebrate and elevate your diverse suppliers by including them in your ESG reporting.

Leverage the examples in this document and work with diverse chambers to understand the challenges and opportunities facing diverse-owned firms.

## Diverse Suppliers

Advocate for corporate partners to include your business in their ESG reports.

Let your corporate partners know about your diverse certifications, and share data points and stories that can be included in their ESG reporting.

**We are your partners in this work.**

If your company needs help supporting, elevating and celebrating your diverse suppliers, reach out!

If you are a diverse supplier that wants to learn how to position your company to align with your corporate clients' ESG goals and metrics, we've got you covered!

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