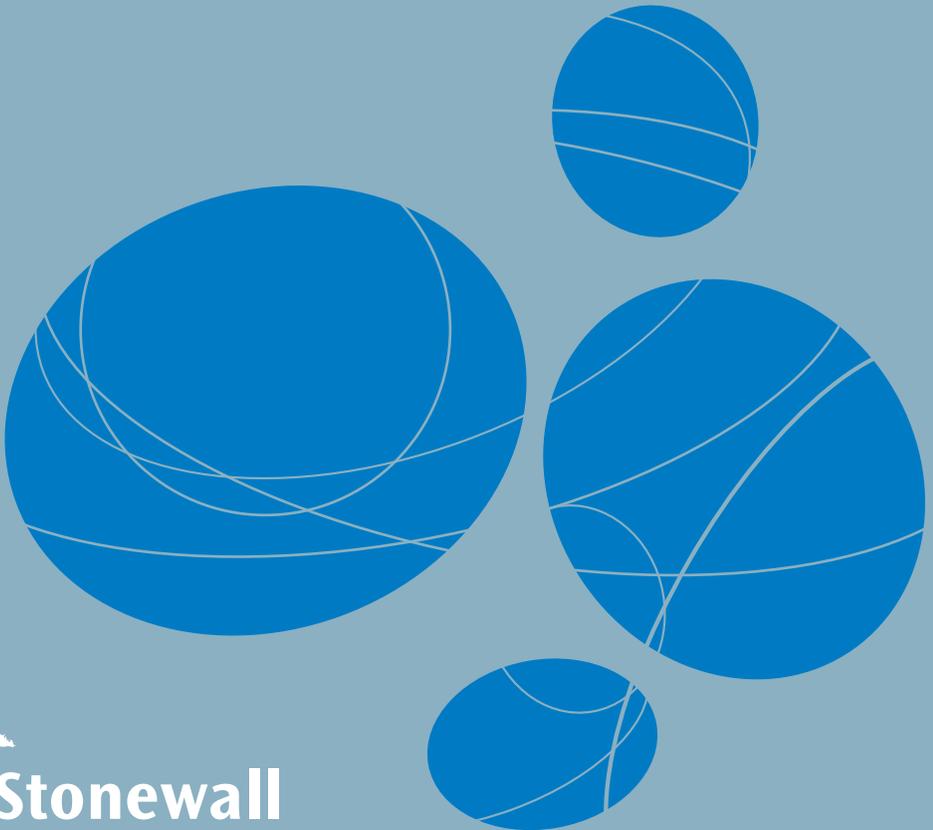


PROCUREMENT

Embedding lesbian, gay
and bisexual equality in the
supply chain



Stonewall
WORKPLACE GUIDES

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Stonewall Workplace Guides

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FOREWORD

The financial leverage businesses exercise with suppliers can be critical to lowering costs and delivering better services. Many organisations, both in the private and public sectors, have now realised that this leverage can also be used to advance equality.

This guide – the latest in a series of Stonewall publications designed to help businesses – profiles some of the organisations working with their suppliers to improve both their workplaces and services for lesbian, gay and bisexual

people. It examines the many different ways that organisations can encourage their suppliers to become more gay-friendly.

The best organisations know that by encouraging their suppliers to make their workplaces and services more gay-friendly they will end up with better services themselves. They also know that their own efforts to become more gay-friendly can easily be undermined by suppliers who do not share the same values.

Ben Summerskill Chief Executive, Stonewall

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INTRODUCTION

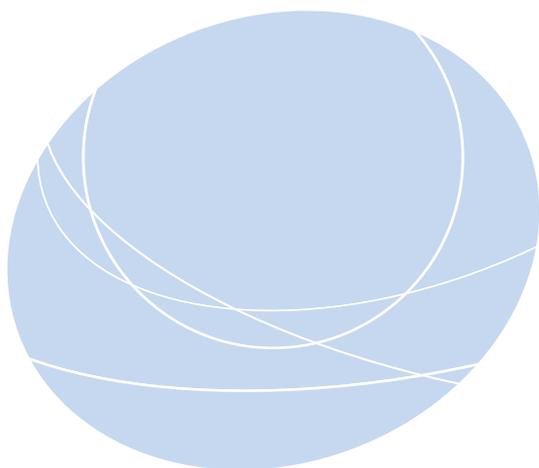
This good practice guide is the ninth in a series of workplace guides from Stonewall, Britain's leading gay equality organisation.

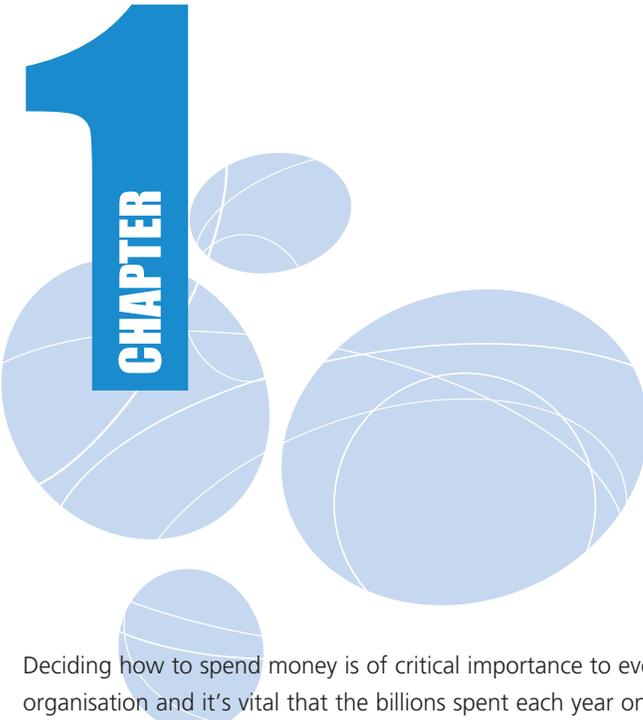
This guide provides practical advice for organisations on the benefits of encouraging their suppliers to improve both their workplaces and services for lesbian, gay and bisexual people.

Embedding equality and diversity in procurement is not about increasing the diversity of suppliers, but about building safeguards into the procurement process to ensure that suppliers meet an organisation's own ethical and operational standards.

This guide explores ways in which organisations can develop the right policies and contracts that require or encourage suppliers to advance equality for gay people. It also provides practical information on how organisations can support their suppliers to progress and how they can hold them to account if they don't.

This guide is based on research into leading organisations across Britain and features practical case studies of how those organisations have promoted equality through their supply chains. We're grateful to all of them.





Deciding how to spend money is of critical importance to every organisation and it's vital that the billions spent each year on goods and services are spent with the right suppliers.

There are many factors for an organisation to consider when choosing a supplier to deliver goods or services on its behalf. Equality might not be the first consideration that comes to mind. However the procurement process is an ideal opportunity to advance equality for lesbian, gay and bisexual people.

Nudging suppliers towards promoting equality and diversity has already proved effective for race equality, which many organisations have been integrating into the procurement process for some years. Organisations are increasingly recognising the benefits of applying these principles to sexual orientation, and encouraging their suppliers to demonstrate good practice in this area when they compete for contracts.

Doing so sends a strong signal to staff and potential recruits that an organisation is serious about its commitment to lesbian, gay and bisexual equality. Some organisations even find they can learn from their suppliers' best practice.

Public bodies and the Equality Act 2010

For public bodies there are further things to consider. It's increasingly important that they can justify the £220 billion they spend annually on goods and services. Lesbian, gay and bisexual taxpayers can expect that the taxes they spend are in turn paid to suppliers that advance equality for lesbian, gay and bisexual people.

Public bodies must also consider their legal duty to consider equality for lesbian, gay and bisexual people when procuring goods and services. The single public equality duty of the Equality Act 2010 requires public bodies and those delivering services on their behalf to consider how they will:

- Eliminate discrimination, harassment and victimisation on the grounds of sexual orientation
- Advance equality of opportunity on the grounds of sexual orientation
- Foster good relations on the grounds of sexual orientation

The benefits

RECEIVE BETTER PRODUCTS AND SERVICES

Businesses know that their own staff perform better when they can be themselves. This applies to their suppliers' staff too. By creating gay-friendly workplaces suppliers can deliver more creative, cost-effective and competitive services and products.

PROTECT REPUTATION

Many organisations have worked hard to establish a reputation for

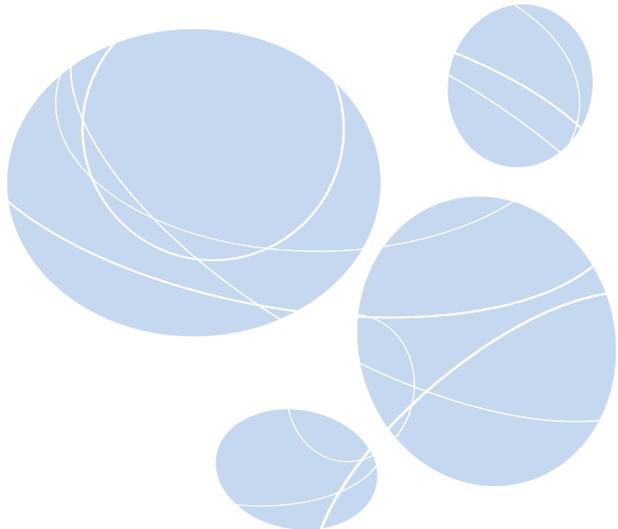
being gay-friendly. Failure to consider equality in the procurement process can result in reputational damage for an organisation, particularly if a supplier is coming into contact with its employees or delivering services on its behalf.

DELIVER BETTER SERVICES TO CUSTOMERS

Ensuring that services are outsourced to gay-friendly suppliers improves the quality of services. It also helps ensure that organisations meet the requirements of the Equality Act 2010.

BE A ROLE MODEL

Working with suppliers who work with an organisation’s competitors in a sector provides a great opportunity to highlight the varied work an organisation is doing to advance equality for lesbian, gay and bisexual people.



2 CHAPTER

The very best organisations know that to effectively spread good practice on lesbian, gay and bisexual equality through their supply chains they need to have robust policies and practices in place to support it.

Organisations should ensure that their existing diversity policies explicitly cover all functions of their business including the procurement of goods and services. This demonstrates to staff and service users that an organisation's values run through all aspects of its work.

In 2001 **Barclays'** senior leaders signed an Equality and Diversity Charter. This includes a commitment to:

Integrate equality and diversity rationale into business, employment, supplier and community practices world-wide to bring real business value to the organisation and to our shareholders.

London Borough of Islington's Dignity for All policy explicitly covers the work of its suppliers. The policy is referred to in all adverts for tenders. It states:

'Dignity for all' should be the experience of Islington staff, residents and service users, regardless of age, gender, disability, faith, race, sexuality, nationality, income or health status. Islington Council promotes the values of dignity and diversity across the organisation, amongst its partner agencies and across the community.

London Borough of Tower Hamlets' Policy Statement on Diversity and Equality explicitly references sexual orientation and states the council's commitment to deliver equality by:

Using our powers to make sure that organisations providing services on our behalf work in line with this policy – we are committed to using our procurement powers to support our equalities objectives.

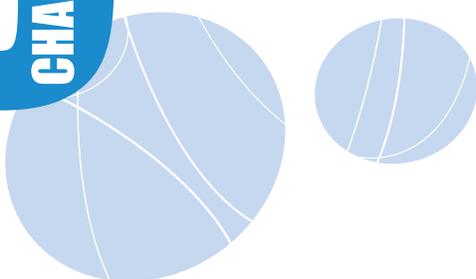
Some organisations have established specific procurement policies to guide staff engaged in contracting and tendering for goods and services on what to require of suppliers.

Leeds City Council's policy on equality in procurement clearly states that:

Promoting equality and diversity through procurement is important and must be considered as an integral part of the contract.

The Council has published specific guidance for officers on how to identify equality impacts at the tender scoping stage and how to monitor performance on equality and diversity for the duration of a contract.

3 CHAPTER



The tendering stage is a good time to raise lesbian, gay and bisexual equality with potential suppliers. It sends a clear message to suppliers from the outset about an organisation's values and expectations.

Many organisations require potential suppliers to answer a prescribed set of questions in their tenders relating to equality and diversity. Other organisations allow suppliers to outline in their own terms what they are doing on equality and diversity and how they are meeting their legal obligations not to discriminate. The best organisations ask suppliers questions such as:

- Do you have an equality and diversity policy that explicitly refers to sexual orientation?
- Do you monitor the sexual orientation of your staff?
- What proportion of your staff are openly lesbian, gay or bisexual?
- Do you have a bullying and harassment policy that gives explicit examples of homophobic bullying?
- Have you had any employment tribunals or grievance procedures relating to sexual orientation?
- Have you had any claims made against you relating to discrimination on the grounds of sexual orientation in the delivery of services?

- Do you deliver training to staff that includes sexual orientation?
- Do you have any formal engagement with lesbian, gay and bisexual staff and service users, including employee network groups?
- Are you members of good practice programmes, such as Stonewall's Diversity Champions programme?

Simmons & Simmons requires all tenderers to have a diversity and inclusion policy of an equal standard to their own. The Corporate Responsibility and Diversity team checks that the potential supplier's policy meets the requisite standard. Potential suppliers are also required to demonstrate active compliance with the policy.

Nottinghamshire Healthcare NHS Trust asks all potential suppliers to provide evidence of their commitment to equality and diversity, including details of any breaches of equality and human rights legislation. Potential suppliers are asked to provide evidence of monitoring equality in their workforce, including access to training provision, and must confirm that their staff receive training which covers sexual orientation. It is made clear that tenders will not be considered unless they provide this evidence.

South Wales Police advises potential suppliers of its equality and diversity requirements in the qualification stage of a procurement exercise. An equality impact assessment is carried out at the start of each procurement exercise to decide how relevant equality and diversity issues are to that contract. It looks at sexual orientation and determines the questions that are put to bidders at the tendering stage.

Where relevant the bidder will be asked for a robust proposal for achieving equal opportunities as part of their tender. Specific questions are put to bidders about whether they have an equal opportunities policy, whether they provide equality training for all their staff and whether they monitor the composition of their workforce. Bidders are asked to specify whether sexual orientation is specifically addressed in these policies and initiatives. Bidders may be ruled out of the tender exercise if they cannot provide positive responses to some of these questions.

In 2009 **The Law Society** introduced a Procurement Protocol for organisations that purchase legal services to encourage the legal services sector to improve on equality and diversity. As of October 2011, 34 purchasers have signed up to the Protocol, declaring:

We wish to engage with suppliers who take active steps to follow good practice in recruiting, developing and managing staff that help to widen opportunities for minority and other under-represented groups.

Organisations signed up to the protocol are provided with a model tender questionnaire on equality and diversity that they can ask law firms to complete as part of their tender applications. They are also provided a scorecard to help purchasers manage progress with equality and diversity requirements throughout the life cycle of the contract. The questionnaire asks specific questions about whether firms have undertaken any initiatives targeted at increasing the number of lesbian, gay and bisexual candidates to apply for trainee programmes or promotion.

It's important that potential suppliers know that improving workplaces and services for lesbian, gay and bisexual people is important to the organisation. Organisations should weight the scoring of equality and diversity criteria so suppliers know that meeting equality and diversity standards can 'tip the balance' in a tendering process.

Gentoo has recently revised its tender documentation to strengthen its equality and diversity element. Potential suppliers fail a tender if they do not comply with equalities legislation. In addition, marks are awarded for positive answers to questions concerning the supplier's equality and diversity policy. The equality and diversity section attracts 1 per cent, 5 per cent or 10 per cent of the total mark, and this weighting is stated in the tender documentation.

The weighting is applied according to the 'people impact' of the final contract. A matrix is used to determine whether each tender should be considered to have a low, medium or high people impact. Tenders which are considered to have a high people impact will include more detailed questions about each equality strand, including sexual orientation.

As part of its tendering process, **Lothian & Borders Police** regularly asks tenderers for evidence of the equality and diversity measures that they are able to apply when performing the contract. This section can count for up to 20 per cent of the total marks for the tender, and this weighting is clearly communicated to tenderers. Tenderers who do not achieve the 'equality threshold', a benchmark of 70 per cent for that section, will not pass through to the final stage of the tender process.

Some potential suppliers, particularly small businesses, may not have done any work to date on improving their workplaces and services to lesbian, gay and bisexual people. This may mean they feel at a disadvantage compared to larger firms. Organisations should ensure that requirements placed on suppliers are proportionate to their size.

All suppliers, regardless of size, should however be expected to demonstrate during the tendering process how they are meeting their legal requirements not to discriminate on the grounds of sexual orientation in employment and the provision of goods and services. It is reasonable to expect them to demonstrate their efforts to, for example, prevent and respond to bullying and harassment on the grounds of sexual orientation in their workplaces.

London Borough of Tower Hamlets requires suppliers with fewer than 50 employees to demonstrate compliance with equalities legislation but does not require them to answer additional questions relating to further initiatives such as equality monitoring of the workforce.

Nottinghamshire Healthcare NHS Trust requires potential suppliers to provide evidence of their commitment to equality and diversity, and makes clear that tenders will not be considered unless they meet the Trust's equality and diversity standards. An exception is made in relation to tenders for less than £10,000, which are provided by small local businesses, as long as they meet the majority of the criteria.

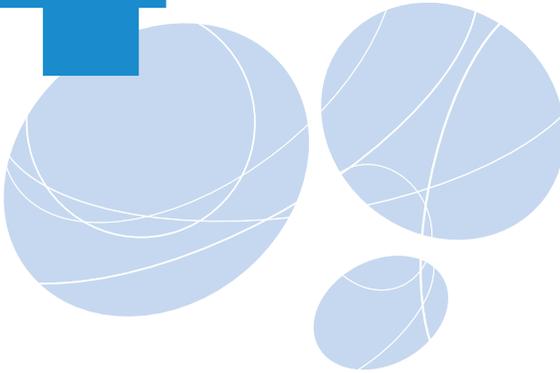
Some organisations offer assistance to potential suppliers to help them compete in the tendering process. The best organisations offer specific guidance on how to fulfil the diversity and equality requirements of tenders.

To assist potential suppliers with their tender applications, **Leeds City Council** features equality and diversity in its 'procurement open days' for prospective suppliers and contractors. The aim of the open days is to provide guidance on what information is required in order to tender for council business. The open days include presentations on equality requirements.

Organisations should be flexible about potential suppliers' circumstances, particularly if dealing with overseas suppliers, as regulations may vary in some regions. For example, suppliers from other countries may be restricted from collecting information relating to sexual orientation. Organisations should take these factors into account during the tender process and when selecting suppliers.

4

CHAPTER



The best way for organisations to encourage suppliers to achieve good practice in relation to sexual orientation is to lead by example. It's therefore important that organisations are engaging in good practice themselves before expecting their suppliers to do so.

Many organisations include specific equality requirements in their supplier contracts. Some organisations also require their suppliers to sign up to their statement of values as a condition of the contract, or write clauses into their contracts requiring the suppliers to abide by the equality and diversity policies of the organisation.

HM Revenue and Customs includes a discrimination clause in its standard terms and conditions of contracts with suppliers which reads: *The Contractor shall not unlawfully discriminate either directly or indirectly because of race, colour, ethnic or national origin, disability, sex, sexual orientation, gender reassignment, religion or belief, or age and without prejudice to the generality of the foregoing the Contractor shall not unlawfully discriminate within the meaning and scope of the Equality Act 2010.*

London Borough of Islington requires all suppliers contracted to provide goods, services or works to adhere to the council's Charter for Fairness and Equality, which explicitly includes a commitment to identify, understand and respond to the needs and experiences of lesbian, gay, bisexual people. Over 500 suppliers have signed up to the Charter.

Morgan Stanley's standard supplier contracts require all staff members of its suppliers to sign its Standard of Conduct form. By agreeing to this Standard of Conduct staff agree to comply with Morgan Stanley's Dignity at Work policy which explicitly refers to sexual orientation.

Suppliers who are signed up to **Ernst & Young's** standard terms and conditions have a specific warrant stating that:
[The supplier] will support and reinforce EY's commitment to providing an inclusive environment for its workforce. As an employer, EY provide equal opportunities to all people regardless of their gender, marital/civil partnership status, race, religion or ethnicity, disability, age, sexual orientation or nationality. As a supplier we expect you to provide the same equal opportunities to your workforce.

Supporting suppliers to become more gay-friendly is vital. Many organisations support and encourage their suppliers to improve their performance on lesbian, gay and bisexual equality throughout the lifetime of the contract. This can include providing training or guidance to suppliers.

Through their engagement with their key on-site suppliers **Simmons & Simmons** established that their suppliers' diversity monitoring was often not to the standard that they would recommend. Whilst a number of their on-site suppliers were monitoring, very few were monitoring the sexual orientation of their staff, with most concerned about doing so. As a result the firm reached agreement with these suppliers to monitor the sexual orientation of their employees. The firm has provided them with comprehensive advice on sexual orientation monitoring good practice, including a template monitoring form which suppliers are currently implementing.

South Wales Police contracts out a number of its services, such as detention facilities. South Wales Police and their Gay Staff Network agreed that frontline staff not employed by the police, in particular detention officers, should be better equipped to serve lesbian, gay and bisexual service users who may be experiencing distress. As a result, detention officers are invited to attend lesbian, gay and bisexual specific counselling training alongside Gay Staff Network members and the Force's Welfare Officers.

Barclays works with its suppliers to ensure that they are able to deliver an appropriate service to lesbian, gay and bisexual customers. For example, Barclaycard has had discussions with an external vendor, who supplies telephone support for customers, about the importance of lesbian, gay and bisexual awareness for international call handlers. This was to ensure that suppliers' staff are educated around acceptable language and behaviour for customers who may for instance request a credit card for their civil partner. Barclays discusses its expectations around training with suppliers, to ensure that call operators are equipped to create a positive experience for customers, particularly where the local culture or law may differ from the UK.

Lothian & Borders Police holds regular interactive training sessions on equality and diversity with suppliers. Sometimes suppliers are invited to give presentations on the work they have been doing on equality and diversity within their own organisation. This is a good opportunity for smaller suppliers to draw on the experience of large suppliers with greater capacity and resources. Suppliers have provided positive feedback to say that the training sessions have significantly increased their own understanding of the importance of equality and diversity.

One training session involved an interactive theatre workshop facilitated by an external provider, to which representatives from various suppliers were invited. The focus of the session was conflict management, with three actors performing a workplace scenario involving a heated exchange between a gay employee, an employee with strong religious views and their manager. Participants took an active and enthusiastic role, offering their opinions on how the manager should handle the situation. Feedback on the session was very positive, with participants noting that they had learnt about respecting difference and managing conflict in the workplace.

Staff in charge of procuring services are experts in building relationships with contractors and monitoring contracts. They therefore play a central role in encouraging them to be more gay-friendly. However they should be given specific training on the importance of equality and diversity provisions in procurement, how to effectively monitor them and how to answer basic enquiries from suppliers relating to sexual orientation.

HM Revenue and Customs' diversity team is due to begin delivering enhanced awareness training on the Equality Act 2010 to the procurement team. Procurement staff have also attended specific training to support them in the roll out of CAESER (Corporate Assessment of Environmental, Social & Economic Responsibility), a supply chain tool that enables staff to monitor supplier performance online. The training specifically addresses the importance of engaging suppliers on equality and diversity, and provides support and guidance for doing so.

Organisations with equality and diversity staff may find they can play an important supporting role to their colleagues. They may, for example, be more able to provide direct examples to suppliers on how to improve their workplaces and services for gay people. It's important however that suppliers do not interpret their involvement as an indication that those managing their contracts don't take equality seriously.

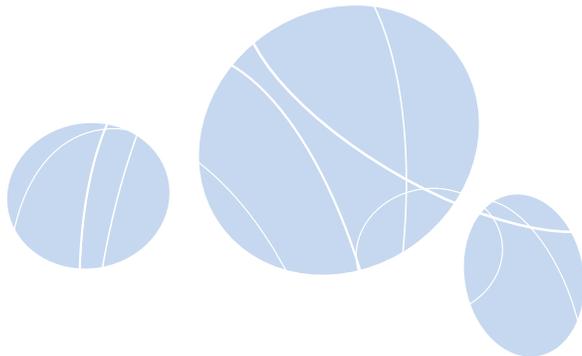
Suppliers don't usually engage directly with **Gentoo's** equality and diversity staff, but a meeting with the team is offered within tender documents. Where a supplier has not scored well on the equality and diversity section of a tender, the equality and diversity team is able to provide feedback on request.

Leeds City Council's Equality Team has a designated officer who supports the council's Procurement Unit in their work and also provides direct advice to procurement staff. The two teams work closely together to ensure that processes and guidance documents are fit for purpose and reflect the Council's corporate objectives.

Whilst individual teams and staff are currently responsible for managing their own contractual relationships with suppliers, the corporate responsibility and diversity team at **Simmons & Simmons** leads the on-going engagement to support their suppliers in implementing diversity good practice. The firm recognises that delivering equality through their supply chain is relatively new and many contract managers may not yet feel confident to advise their suppliers and monitor their compliance on diversity and equality. The firm intends to increasingly transfer this responsibility to individual contract managers as they become more familiar and confident with procurement diversity.

The lesbian, gay and bisexual employee network groups of some organisations understand that the staff of some suppliers may experience the same workplace issues as they do. Some network groups allow lesbian, gay and bisexual people working for suppliers to join or to attend events arranged by the network.

Morgan Stanley's employee network group GLEAMS (Gay and Lesbian Employees At Morgan Stanley) is open to all Morgan Stanley employees as well as to all contractors who are based on-site.





Holding suppliers to account on delivery is essential to any contract management. Ensuring the delivery of commitments by the supplier to improve their workplaces and services for lesbian, gay and bisexual people is no different. For this to be effective there needs to be adequate monitoring of equality and diversity commitments.

HM Revenue and Customs' suppliers complete an annual self-assessment questionnaire to benchmark their progress on diversity policy and practice. The results of the questionnaires are used by HMRC's contract managers to consider whether suppliers comply with their policies and to make recommendations on how they can improve their performance. This could include, for example, recommending that the organisation implements sexual orientation training for its workforce, if a contract manager identifies that a supplier is not as aware as it should be about lesbian, gay and bisexual equality.

Barclays requires its high-risk suppliers to complete an annual sustainability questionnaire, asking specific questions about suppliers' equality and diversity policies and procedures, which includes sexual orientation. The responses are analysed to help Barclays identify and address development areas and areas of non-compliance with suppliers. Barclays continues to track these throughout their relationship with each supplier.

To complement the questionnaire, Barclays made a commitment to undertake 10 on-site supplier sustainability reviews in 2010, and exceeded this target by completing 41 on-site audits.

Nottinghamshire Healthcare NHS Trust agrees and formally documents the criteria for measuring performance in agreement with each supplier. This includes equality and diversity compliance. The provider is asked to supply evidence and may be asked to submit a report demonstrating compliance with equalities legislation 12 months from the date of the contract. Monitoring meetings are used to ensure that contractors are meeting all of the requirements of the contract.

Ending a supplier relationship

Whilst it is vitally important to recognise that some suppliers may find meeting their commitments difficult and that organisations should support their suppliers, organisations will encounter rare occasions where they need to address a supplier's failure to sufficiently meet the equality requirements of a contract.

Many organisations provide suppliers with a final chance to try and improve their performance within a specified timescale, before having to resort to terminating a contract. It is rare that suppliers under threat of termination do not comply.

Gentoo includes a statement in its tender documentation, stating that a contract can be terminated if an organisation is found to be in breach of any of the policies listed in the equality and diversity section. In addition, the commitment which contractors are required to sign in relation to equality and diversity clearly states that:

We will challenge those who do not uphold our values or who go against our principles on equality & diversity, and will reconsider our continued relationship with such person or organisation.

TOP TEN TIPS

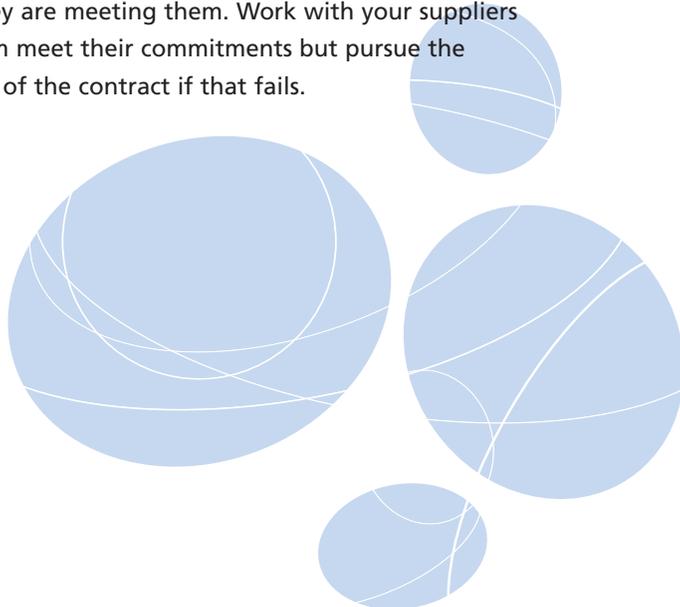
- 1 MAKE SURE COMMITMENTS ARE CLEAR, MEASURABLE, ACHIEVABLE AND PROPORTIONATE** Work with suppliers to develop commitments which they can measure, achieve and understand. The work a supplier commits to doing should reflect their level of progress on sexual orientation equality to date.
- 2 MAKE IT PART OF THE TENDERING PROCESS** Set out your diversity requirements when advertising for tenders. Tender exercises should require potential suppliers to demonstrate what they have done for lesbian, gay and bisexual staff and customers as well as what they will do during the contract.
- 3 MAKE IT PART OF THE CONTRACT** Include conditions in all your contracts with suppliers to improve their workplaces and services for lesbian, gay and bisexual staff. This should make clear that failure to comply may result in termination of the contract.
- 4 SUPPORT YOUR SUPPLIERS** Work in partnership with your suppliers to improve their workplaces and services. Meet with your suppliers at the start of contracts and regularly throughout the contract to offer advice and support.
- 5 BE FLEXIBLE WITH SMALL SUPPLIERS** Recognise that small suppliers may not be able to demonstrate existing work on lesbian, gay and bisexual equality nor may they be able to undertake the sort of initiatives larger suppliers can. However all suppliers, regardless of size, must meet their legal responsibilities not to discriminate in employment and service delivery.
- 6 HELP SUPPLIERS TO TENDER FOR BUSINESS** Offer guidance to potential suppliers on how to fulfil the diversity and equality requirements of tenders. This will encourage a wider range of suppliers to compete in the tendering process.

7 TRAIN STAFF RESPONSIBLE FOR CONTRACTS Train all staff responsible for tendering and contracts on lesbian, gay and bisexual issues and good practice, not just your diversity personnel. This will show your suppliers that it is an issue you expect them to take seriously. Diversity personnel can play a role in providing advice and support internally.

8 LEAD BY EXAMPLE Suppliers and potential suppliers will only be encouraged to follow good practice if you do too. Lead by example by joining Stonewall's Diversity Champions programme and the Workplace Equality Index. Encourage your suppliers to do the same.

9 ENCOURAGE YOUR SUPPLIERS TO NETWORK WITH EACH OTHER Not only can suppliers learn from organisations that buy their goods and services but they can also learn from other suppliers. Allow your suppliers to network with each other and share good practice.

10 HOLD YOUR SUPPLIERS TO ACCOUNT Contracts are only effective if suppliers are held to account. Make sure a supplier's commitments are measurable so you can track whether they are meeting them. Work with your suppliers to help them meet their commitments but pursue the termination of the contract if that fails.



Stonewall Diversity Champions programme

Stonewall's Diversity Champions programme is Britain's good practice forum through which major employers work with Stonewall and each other on sexual orientation issues to promote diversity in the workplace. www.stonewall.org.uk/dcs

Workplace Equality Index

The Workplace Equality Index is Stonewall's comprehensive annual benchmarking exercise that showcases Britain's top employers for lesbian, gay and bisexual staff. www.stonewall.org.uk/wei

The Stonewall Leadership Programme

The Stonewall Leadership Programme provides a unique space to look at questions around sexual orientation and authenticity and how these can be used to develop an individual's leadership abilities. www.stonewall.org.uk/leadership

Stonewall Workplace Guides are free to download from www.stonewall.org.uk/at_work

Also in this series of Workplace Guides:

Network Groups

Monitoring

Bullying

Career Development

Religion and Sexual Orientation

Bisexual People in the Workplace

Marketing

Straight Allies

Thank you to all those who participated in this guide

PROCUREMENT

