



## Supplier Diversity Policy

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## 1.0 Policy Statement

- 1.1 **Transport for London (TfL)** will proactively encourage **Diverse Suppliers** to participate in its **procurement process** for goods, works and services. It will provide a level playing field of opportunities, for all organisations including **Small and Medium Enterprises (SMEs), Black, Asian and Minority Ethnic (BAME)** owned businesses and other **Diverse Suppliers**. Within its obligations as a Best Value Authority and in compliance with European Union (EU) and UK legislation, **TfL's procurement process** will be transparent, objective and non-discriminatory in the selection of its Suppliers. **TfL** will actively promote **Diverse Suppliers** throughout its supply chains.

Note: Words in bold have standard TfL meaning as outlined in the [TfL Supplier Diversity Definitions](#).

## 2.0 Organisational Scope and Compliance

- 2.1 The terms underlined relate to existing published documents.
- 2.2 The terms highlighted in **bold** shall have the same meaning as in the TfL Procurement Policy and as defined in Section 12.
- 2.3 This Policy applies to all **Employees**, agents, consultants and contractors working for **TfL**.
- 2.4 Only **Employees** with **Delegated Procurement Authority**, or **Delegated Contract Authority** in the case of Public Private Partnerships (PPPs), are allowed to commit expenditure to third parties. Any other **Employee** must not conduct any **Procurement Activities** unless specifically instructed to by line management. In particular, but not exclusively, **Employees** who are engaged in **Procurement Activities** are required to familiarise themselves with the content of this Policy and the other related documents, (such as TfL Procurement Policy, Procurement Procedures and instructions) and comply with it.
- 2.5 **TfL** requires that agencies and consultancies make their **Employees** aware of this policy and ensure that their **Employees** observe it when engaged in **TfL** contracts. It is essential that relevant **Employees** ensure that agencies and consultancies are made aware of this requirement.

### 3.0 Policy Purpose

The Policy is designed to:

- 3.1 Establish a common understanding of Supplier Diversity and Diverse Suppliers within **TfL**, where Diverse Suppliers are defined as comprising of the following four sub-sets as fully defined in TfL Supplier Diversity Definitions:
  - 3.1.1 Small and Medium Enterprises (SMEs)
  - 3.1.2 Black, Asian and Minority Ethnic (BAME) owned businesses
  - 3.1.3 Suppliers from other under-represented or protected groups
  - 3.1.4 Suppliers demonstrating a diverse workforce composition
- 3.2 Deliver towards the UK Supplier Diversity initiatives through procurement as outlined by the Ethnic Minority Employment Task Force, **Commission for Racial Equality (CRE)**, **Disability Rights Commissions (DRC)**, **Equal Opportunities Commission (EOC)** amongst others, working on behalf of central government.
- 3.3 Deliver the Mayor of London's vision for the Greater London Authority (GLA) Group as part of his equality policy and the GLA Group Sustainable Procurement Policy.
- 3.4 Ensure the principles of this policy lead to the proactive encouragement of Diverse Suppliers to engage in TfL's **Procurement Activities** as well as those of TfL's sub-contractors through their supply chains. In the procurement of goods, works and services, the obligations of the law and Best Value considerations must be upheld.

## **4.0 Guiding Principles**

TfL's Supplier Diversity policy will be guided by four principles:

### **4.1 Engage Diverse Suppliers**

Make **TfL Procurement Activity** and processes directly accessible to **Diverse Suppliers** through non-discrimination, equal treatment, transparency, fairness and proportionality.

### **4.2 Diversify the Supply Chain**

Set conditions for **TfL's Suppliers** to cascade the spirit of diversity through their respective supply chains.

### **4.3 Deliver Benefits within Best Value**

Undertake all **Procurement Activity** in accordance with all applicable law including European Union (EU) law and **TfL's** obligations as a Best Value Authority.

### **4.4 Monitor and Report on Diverse Suppliers**

Develop key performance indicators and systems to monitor and report Supplier Diversity programme progress.

The detail of these guiding principles is outlined in the following sections.

## 5.0 Engage Diverse Suppliers

To ensure the opening up of **TfL**'s contracting opportunities to Diverse Suppliers directly, in regard to the Contract Terms below, **TfL** will:

- 5.1 Commit to specific duties with regard to equality and inclusion, specifically to ensure that its processes and procedures are adequate to offer opportunities to Diverse Suppliers during the procurement process.
- 5.2 Influence **TfL**'s purchasing power to support procurement from Diverse Suppliers where possible.
- 5.3 Host Supplier forums to target Diverse Suppliers who sell goods, works or services in the sectors where TfL spends its money.
- 5.4 Innovate through a variety of tendering and contract packaging options which attract Diverse Suppliers to bid for **TfL**'s business.
- 5.5 Create and implement a framework of internal controls over **Procurement Activities** in line with Procurement Principles of; non-discrimination, equal treatment, transparency, fairness and proportionality, and hence, without **Positive Discrimination**, but within the understanding of **Positive Action**.
- 5.6 Ensure that, where applicable, requests for information, requests for quotation, and requests for proposals or tender documents will contain a clear and unequivocal statement on Supplier Diversity and **TfL**'s expectations of its Suppliers.
- 5.7 Encourage relevant **TfL** Diverse Suppliers to ensure compliance with **TfL**'s commitments to E&I through contract management and voluntary compliance with the Supplier Diversity Policy.
- 5.8 Make approved and potential Suppliers bidding for **TfL** contracts aware of the **TfL** Procurement Policy and E&I Policies/Frameworks.

## **6.0 Diversify the Supply Chain**

Beyond direct engagement of Diverse Suppliers, through ensuring Supplier workforce diversity and by encouraging sub-contractors, supply chain diversity can be achieved. Therefore **TfL** will:

- 6.1** Encourage and support strategic Suppliers to embed Diverse Suppliers into their supply chains as far as practicable, as related to the subject matter of the contract.
- 6.2** Work with Suppliers to understand and help overcome barriers to adapting the relevant requirements through their own supply chains.
- 6.3** Make existing and potential Suppliers aware of the relevant legislative and regulatory context through planned communications. In addition to this, ensure that the employment practice of potential and existing Suppliers is flowed down to sub-contractors to comply with the relevant sections of legislation specified in Section 13, to pursue non-discrimination, equal treatment, transparency, fairness and proportionality in Supplier evaluation.
- 6.4** Encourage innovation by providing Suppliers with appropriate incentives to develop diverse supply chains through contract monitoring arrangements.
- 6.5** Encourage the diversity of **TfL's** Suppliers' workforce composition as relevant to the Suppliers.
- 6.6** Encourage TfL's Suppliers to take positive steps to embrace Supplier Diversity, by sponsoring special achievements and programmes.
- 6.7** Remain committed to developing accessibility into **TfL** contracts and hold Diverse Supplier relationships in high regard.
- 6.8** As part of the performance review and management processes for existing contracts, implement opportunities to incorporate the principles of the **TfL** Supplier Diversity Policy.

## **7.0 Deliver Benefits within Best Value**

**TfL** will:

- 7.1** Encourage Supplier Diversity requirements within the parameters of EU Law, the Mayor of London's strategies as well as **TfL's** Governance and statutory obligations as a Best Value Authority. This is in order to incorporate Supplier Diversity requirements into **Procurement Activities** to continually measure and develop **TfL's** procurement performance in Supplier Diversity.
- 7.2** Harness best practice on Supplier Diversity from global organisations implementing similar programmes to maintain a continuous improvement philosophy. This will ensure processes and procedures are optimised according to **TfL's** needs throughout the procurement process.
- 7.3** Where award is based on most economically advantageous tender and where relevant, ensure addressing of diversity requirements and whole life costing is considered as part of evaluation criteria.
- 7.4** Minimise total cost of supply while considering Diverse Suppliers over the lifetime of the contracting requirement consistent with acceptable quality, reliability and delivery considerations from the Supplier.
- 7.5** Ensure contract award procedures are non-discriminatory and do not have the intention or effect of discriminating against Suppliers.
- 7.6** Ensure contract award is based on Supplier's relevant capability to deliver contractually, with particular regard to legal, financial and technical considerations, when taking into account Supplier Diversity considerations.

## 8.0 Monitor and Report on Diverse Suppliers

TfL will:

- 8.1 Create systems to implement appropriate monitoring of Supplier's Diversity characteristics according to definitions, as set out in TfL Supplier Diversity Definitions.
- 8.2 Integrate business processes and systems to capture relevant data and monitor improvements in Supplier Diversity.
- 8.3 Ensure monitoring and reporting will be made possible through a definition matched, web-enabled Supplier registration process.
- 8.4 Optimise the use of technology to publicise relevant information to Diverse Suppliers to reduce their costs of selling to TfL.
- 8.5 Make appropriate use of diversity data recorded, based on Supplier's agreement and provision of the information.
- 8.6 Make continuous improvements to monitoring, reporting and systems to ensure accurate measurement of progress in reviewing and encouraging Diverse Suppliers within the understanding of **Positive Action**.

## 9.0 Related Policies

9.1 As the functional body responsible for delivering the Mayor's Transport Strategy, **TfL's** policy and procedures should be aligned with policies and commitments made by the Mayor and the GLA.

9.2 Through the GLA Group Sustainable Procurement Policy TfL has received a direction and delegation in delivering several themes of sustainable procurement including "Encouraging a Diverse Base of Suppliers" which has lead directly to this policy.

9.3 The GLA Group Sustainable Procurement Policy commitments reflect the UK National Procurement Strategy for Local Government. The strategy states that the public sector should use procurement to help deliver corporate objectives, including economic, social and environmental objectives, and that sustainability should be built into procurement strategies, processes and contracts.

9.4 The Mayor's Equality Agenda is reflected in the following publications:  
Older People Strategy 2006  
Race Equality Scheme 2005-2008  
GLA Faith Equality Scheme 2005  
GLA Disability Equality Scheme 2005  
GLA Gender Equality Scheme 2003  
The work outlined in the appropriate Mayor's Annual Equality Report.

9.5 In addition to Mayoral policies and commitments, **TfL's** Policy for the Mayor's Green Procurement Code and associated **Procurement Activities** will be carried out in accordance with the relevant **TfL Policies**, and **Corporate Governance** including but not limited to:

9.5.1 The TfL Group Procurement Policy

9.5.2 The TfL Business Plan

9.5.3 TfL Procurement will ensure that Risk Management is appropriately applied at all stages of Procurement

Activities in accordance with the TfL Group Risk Management Policy.

## **10.0 Approval and Amendments**

### **10.1 Approval and Amendments**

**10.1.1** The approval and/or amendment of the **TfL** Supplier Diversity Policy will take place via the Corporate Governance guidelines and the **Procurement** internal review process, as appropriate.

**10.1.2** Any amendments to the policy must be submitted in writing to the policy owner.

## **11.0 Policy Owner and Contact Details**

**11.1** John Gall, Programme Office – Policy & Strategy, Group Services, Transport for London, is the designated owner of this policy.

**11.2** For further information on the Policy, please contact via email: johngall@tfl.gov.uk

## 12.0 Glossary of Definitions

Diverse Suppliers are fully defined in TfL Supplier Diversity Definitions. Further to this, for the purpose of this Policy, the terms highlighted in bold have the meanings set out below.

- 12.1 **Commission for Racial Equality (CRE)** information can be found at <http://www.cre.gov.uk>
- 12.2 **Corporate Governance** refers to the overall framework of TfL internal controls.
- 12.3 **Delegated Procurement Authority** refers to those **Employees** with the right to carry out procurement activities, either through their job description or their line manager permission, on behalf of TfL.
- 12.4 **Delegated Contract Authority** refers to those **Employees** or parties with the rights to carry out procurement activities, either through their contract arrangements, job description or their line manager, on behalf of TfL.
- 12.5 **Disabilities Rights Commission (DRC)** information can be found at <http://www.drc-gb.org/>
- 12.6 **Employee** refers to any person, whether on a fixed term, temporary or permanent contract, who carries out a job role, full or part-time for TfL or any of its associated legal entities on or off a TfL site.
- 12.7 **Equal Opportunities Commission (EOC)** information can be found at <http://www.eoc.org.uk/>
- 12.8 **Positive Discrimination** is a policy or a program providing advantages for people of a minority group who are seen to have traditionally been discriminated against, with the aim of creating a more egalitarian society. This consists of preferential access to education, employment, health care, or social welfare. It is unlawful under British law, whereas **Positive Action** is not.
- 12.9 **Positive Action** refers to promotion of representational, proportionality and equal terms, however no formal definition exists. It must be noted that reward of contracts must be based on equal merit. The legislation provided in Section 13 provides

a framework for recognising diversity and promoting equality of opportunity for all. Supplier Diversity aims to act as an enabler for under-represented groups, equal access to procurements and equally equipped to apply.

**12.10 Procurement** refers to all of the Procurement functions within **TfL** (including all its subsidiaries).

**12.11 Procurement Activity** refers to any or any combination of transactions as listed below in accordance with applicable procurement procedures:

*“Any activity either orally or in writing which commits, or may be taken to commit, **TfL** (or a subsidiary) to any contractual relationship, including the issue of letters of intent and variations to contracts.*

*The settlement of any claim for additional payment not covered by an existing contract or arrangement.*

*The imposition of remedies for breach of a contractual commitment for example the calling of bonds and guarantees, exercising step-in or termination rights.*

*The sale or other disposal of surplus material and assets.”*

The above are as stated in the definition of transaction in Standing Order No. 2, but Procurement Activity includes in addition:

*“The process of obtaining supplies, services and works including seeking formal written tenders or proposals in accordance with applicable procurement procedures.*

*Obtaining informal or low value quotations and/or information for budgeting purposes in accordance with applicable Procurement procedures.”*

**12.12 Standing Orders** refer to:  
**TfL’s Standing Order No. 1**  
**TfL’s Standing Order No. 2**

**12.13 Supplier** refers to any third party (for example any person, individual, firm, company, consultant or agent) providing goods, works or services with which **TfL** has entered into a contract or is engaged in discussions for potential business opportunities with. The extent to which Suppliers are subject to

TfL's Supplier Diversity requirements will differ according to contract specification.

**12.14 Transport for London (TfL)** refers to all parts of the TfL Group including all its subsidiaries (as defined in section 736 of the Companies Act 1985).

## **13.0 Relevant Legislation & Acts of Parliament**

- 13.1** Asylum and Immigration Act 1996
- 13.2** Disability Discrimination Act 1995
- 13.3** Employment Equality (Age) Regulations 2006
- 13.4** Employment Equality (Religion or Belief) Regulations 2003
- 13.5** Employment Equality (Sexual Orientation) Regulations 2003
- 13.6** Employment Relations Act 1999
- 13.7** Employment Rights Act 1996
- 13.8** Equality Bill 2006
- 13.9** Equal Pay Act 1970 & 1986
- 13.10** European Race Directive (2000/43/EC)
- 13.11** Human Rights Act 1998
- 13.12** Part-time Workers Regulations 2000
- 13.13** Race Relations (Amendment) Act 2000
- 13.14** Race Relations Act 1976
- 13.15** Sex Discrimination Act 1975 & 1986
- 13.16** Working Time Directive 1993
- 13.17** Working Time Regulations 1998

The above list is appropriate at the date of publication and as a result is not exhaustive.