THE ISSUE

The global procurement market is worth trillions of dollars and involves both large and small organizations, from governments to small companies, which engage with each other through the exchange of goods and services.

Due to structural inequalities and discrimination, women entrepreneurs from a variety of backgrounds – race, class, sexual orientation, ability, education, etc. – access less capital and fewer resources than their male counterparts in these complex value chains.

Women are therefore disproportionately represented at the lowest tiers of the supply chain (see Box 2 below), carrying out lower-skilled, lower-paid jobs and operating smaller businesses. In the garment sector, for example, more than three quarters of workers globally are women and, in some countries, represent up to 90 per cent of the workforce. However, management and supervisory positions remain male-dominated – underpinning gender-based discrimination and violence in the workplace.

This discrimination takes many forms, covered by Women’s Empowerment Principle 2 (WEP2) on hiring, firing, pay and benefits, job assignments and promotions; WEP3, on occupational health and safety, particularly in the case of pregnant workers; and WEP4, on education and training.

Women hold only five per cent of the top-level supply chain positions in Fortune 500 companies. A 2019 study found that, in the US and western Europe, where procurement organizations are the most advanced, 20 per cent of the top 60 listed companies have a woman as chief procurement officer (CPO). In France, more than 30 women were promoted to the role of CPO over a period of 18 months, representing an increase of more than 30 per cent compared to 2015.

Box. 1 WEPs Tool Kit

This guidance note forms part of a toolkit to help companies implement the Women’s Empowerment Principles (WEPs). Focusing on the WEP5 on implementing supply chain and marketing practices that empower women, the guidance note specifically aims to support WEPs signatories in prioritizing, establishing and implementing gender-responsive and ethical procurement practices without compromising quality, efficiency, cost savings and value for money. It builds on the UN Women Corporate Guide to Gender-Responsive Procurement of 2017.

The guidance note offers concrete strategies for companies on how to systematically source their goods and services from other enterprises that align with the WEPs. While the guidance note is aimed at all business leaders who have signed the WEPs, it may be particularly relevant for supply chain and purchasing departments.
Gender-responsive procurement is the sustainable selection of services, goods or civil works that considers the impact on gender equality and women’s empowerment. It is founded on international standards, agreements and principles relevant to improving gender-responsive working conditions and essential for upholding women’s basic rights in the supply chain (see Box 3 below). A solid organizational code of conduct for its supply chain is the bedrock for WEPs implementation.

Gender-responsive procurement is when companies leverage their purchasing policies and practices to promote gender equality and encourage suppliers to improve their performance on gender equality and women’s empowerment. Diversifying the supplier base by increasing sourcing from gender-responsive companies and women-owned businesses is crucial.

Those involved in gender-responsive procurement consider the impact on gender equality and seek to enable women workers and women’s businesses to benefit from business opportunities. They also take into account the gender power relations embedded in value chains and market transactions when sustainably selecting services, goods or works.

The WEPs help bring together all parts of an organization to advance gender equality and women’s empowerment. When WEPs signatories purchase from other WEPs signatories and from women-owned businesses, they enhance their supplier diversity but also contribute to reducing systemic discrimination. This can also enhance the suppliers’ opportunities to grow, and gain exposure to business networks, high-value market opportunities and sustainable revenue streams.
THE BUSINESS CASE

Pursuing gender-responsive procurement within a company has many valuable benefits. This guidance note covers three key ones.

**Value-based culture:** WEPs signatories consider that gender equality is good for business and embed this across their organizations. Aligning WEPs to purchasing practices, even seemingly minor ones may, in fact, have a domino effect in the value chain, and all potential ramifications for the supply chain need therefore to be taken into account.

**New market opportunities and lower risks:** Fostering supplier diversity and inclusion promotes innovation through new products, services and solutions; spurs competition on both price and service levels between a company’s existing and potential vendors; and enhances market penetration and access to new markets. Supplier diversity may also become a source of a company’s competitive advantage; locking oneself with the same suppliers can be a risky endeavor.

Companies can mitigate business risk by diversifying their supplier base to include women-owned businesses and those with similar values. Women suppliers have a unique understanding of the women’s market and this, plus their experience selling to other women, can benefit corporations in both the near and long term.

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**Box. 3** International standards, agreements and principles related to gender equality

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<tr>
<th>Human Rights</th>
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<tr>
<td>The Universal Declaration on Human Rights – 1948.10</td>
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<th>Gender Equality</th>
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<tr>
<td>WEPs – 2010.15</td>
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<td>Sustainable Development Goals, particularly SDG5.16</td>
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<tr>
<td>UNECE Declaration for “Gender-Responsive Standards and Standards Development – 2019.17</td>
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<tr>
<td>Gender Lens to the United Nations Guiding Principles on Business and Human Rights – 2019.18</td>
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<td>OECD Due Diligence Guidance for Responsible Business Conduct.19</td>
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<tr>
<td>ILO C111 - Discrimination (Employment and Occupation) Convention – 1958.20</td>
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<td>ILO C100 - Equal Remuneration Convention – 1951.21</td>
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<td>ILO C156 - Workers with Family Responsibilities Convention – 1981.22</td>
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<td>ILO R165 - Workers with Family Responsibilities Recommendation – 1981.23</td>
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<tr>
<td>ILO C190 - Violence and Harassment Convention, 2019.25</td>
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A diverse supplier base also enables a company to procure small orders, specialized products or critical services more quickly; and to capitalize on new opportunities for business expansion with the development of new consumer needs.  

Companies are increasingly diversifying their supply chains, recognizing that their suppliers are likely to turn into their customers. Institutional investors are also increasingly exercising their voting rights against corporations that do not uphold the highest ESG standards associated with “stakeholder value”, such as gender parity on boards.

**Brand reputation and customer loyalty.** Companies with diverse and inclusive supply chain policies and practices boost their brand image and reputation.

Fostering gender equality in the supply chain also improves community relations, maximizes the potential benefits of this with community engagement programmes, and increases the reputational gains.

A Nielsen survey revealed that 66 per cent of global respondents, both women and men, said they were prepared to pay a premium for products and services from companies that are committed to positive social and environmental impact. The 2016 ITUC Frontlines Poll found that 82 per cent of people hold companies accountable for the actions of their subcontractors.

Consumers are also increasingly requesting information from companies regarding their corporate commitment to diversity, inclusion and gender equality in supply chains, and investors are attracted by the transparency of gender equality practices. Yet, fewer than 10 per cent of companies publicly disclose information about how they promote gender equality in their chains.

When women are aware that a company is committed to gender equality and supports women-owned businesses, 78 per cent will try the company’s products or services; 80 per cent will show increased brand loyalty; and 50 per cent will give the company a second chance if the product or service falls short of initial expectations. Suppliers also often become consumers of the products produced by the companies they supply. Businesses engaging in gender-responsive procurement can leverage this in refining their business model by reflecting it in their customer value proposition, in their sales and marketing strategies and in their external communication efforts.

**WHAT CAN COMPANIES DO?**

Transforming a company’s procurement process needs to be consistently carried out. A good way to start is through a series of pilots to learn what works and what doesn’t, and that can inform scalable practices. In doing so, people, policy, practice, communication, knowledge and stakeholder management are important factors that need to be considered within an enterprise and across departments.

**PEOPLE**

Gender diversity and women’s leadership in procurement departments is critical given that they manage, on average, 64 per cent of a company’s total enterprise spend and that increased diversity is likely to translate into more inclusive procurement. Companies can therefore:

- Proactively recruit women for procurement roles and provide training to strengthen the female talent pool and women’s leadership in this area.
- Appoint women to managerial and executive procurement positions.

Commitment from top-level management is critical, for example by:

- Including gender-responsive procurement functions and responsibilities in job descriptions of purchasing roles, starting with the CPO. See Box 4.
- Making managers at all levels accountable for success in this area by embedding key performance indicators on gender equality in performance plans and assessments, from top executives, staff as well as suppliers, contractors and vendors.

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**WOMEN’S EMPOWERMENT PRINCIPLES**

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Commitment from top-level management is also critical in making gender-responsive procurement a central element of a company’s culture and business practices. Actions could include:

- A gender-sensitive code of conduct and robust due diligence system, for both the company and its business partners.

Actions could include:

- A baseline study of the company’s supply chain to see how the desired outcomes relate to the actual number of women-owned businesses and WEPs signatories in the supply chain (see Box 5 below for sample study questions).
- An e-procurement platform where data can be stored, including the baseline data with detailed supplier characteristics. Systematizing data collection can help better understand roadblocks and challenges faced by suppliers.

Box. 4 Sample job description for procurement professionals

- Oversee and supervise employees and activities of the purchasing department, including its strategy on gender-sensitive procurement.
- Prepare plans for purchasing goods and services from gender-responsive companies and women-owned businesses.
- Enforce the company’s procurement policies and procedures to advance gender equality among its suppliers.
- Adopt a gender lens when reviewing, comparing, analyzing and approving products and services to be purchased.
- Manage inventories and maintain accurate purchase and pricing records as well as records of suppliers’ social and gender equality performance.
- Maintain and update supplier information, such as qualifications, delivery times, product ranges, gender equality and overall social performance.
- Maintain good supplier relations and negotiate contracts with a gender lens.
- Research and evaluate prospective suppliers that have adopted a gender-sensitive business approach.
- Prepare budgets, cost analyses, social and gender equality performance benchmarks and reports.

Another implementation strategy with a clear roadmap outlining the measures needed to meet the objectives, targets, roles and responsibilities, plus who is accountable for the results.

- Allocation of required resources to meet the targets.
- An effective communication strategy to raise awareness of relevant stakeholders about the policy and their rights and responsibilities.

A solid monitoring framework is necessary to underpin these actions. There should be a standardized collection of gender statistics and sex disaggregated data based on the baseline study and the implementation strategy. Its objectives could include both quantitative indicators linked to expanding and diversifying the supplier pool, and also qualitative indicators to understand and address the barriers preventing some suppliers from accessing and fully participating in supply chains. Suppliers should be encouraged to share this information through various communication channels.

Risk assessment is key to identifying and assessing any actual or potential social and environmental risk, particularly where extra vigilance is required on gender-based discrimination. This relates to a company’s own activities as well as those of its business partners. Special attention needs to be paid to areas such as hiring, firing, pay and benefits; infrastructure, occupational health and safety (e.g. exposure to chemicals) where women face specific discrimination and bias (see Box 5). Attention also needs to be paid to marketing and advertising practices since many businesses tend to perpetuate gender stereotypes, normalize discriminatory social norms and objectify and sexualize women’s bodies. In some extreme forms, businesses play a role in trafficking women for sexual exploitation, including for the production of pornography.

To better understand these risks, it is helpful to look at certain factors that could affect a supply chain, and consider where additional resources would be required to remedy any gender-based discrimination.
**Internal backing**

Key to a successful policy is backing from the company’s executive leadership and departments, particularly from the human resources, operations (production, procurement and sourcing), legal and communication departments or teams. A definition of annual targets to assess the implementation of progress is essential as is communicating it to all staff. It also requires jointly developed systems and procedures which should include clear guidelines for the implementation of other WEPs related to recruitment (WEP2), health and safety (WEP3).

**External backing**

Equally important is getting backing from a company’s board members, business partners and other key stakeholders. Again, communication is key, with the priority here a clear message to business partners of the company’s commitment to a gender-responsive procurement policy and to implementing the necessary measures to achieve this.

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**Box. 5  Baseline study - sample questions**

Questions to be asked in this study could include:

- **How many companies are in your supply chain?**
  - How many of these companies are WEPs signatories? You will find the list of WEPs signatories here: www.weps.org/companies.
  - How many suppliers were screened using gender equality criteria?
  - How many of these companies are women-owned enterprises?
  - What is the current ratio of women- to men-owned enterprises, and the ratio of WEPs signatories?

- **What is the value of the contract with your suppliers?**
  - How many contracts, on average, do you have annually with each supplier (disaggregated by the gender of the owner of the company, and by WEPs signatory status)?
  - What is the total/average value of these contracts (disaggregated by the gender of the owner of the company, and by WEPs signatory status) in absolute dollars and/or as a percentage of total annual procurement spend?

- **How gender-responsive are your suppliers?**
  The gender ratio in the companies could be an indication of their ability to attract and retain women talent, and their efforts to promote women within the company.
  - What is the gender ratio at management level in these companies?
  - What is the average gender ratio at worker level in these companies?
  - Have they already reported, if so where, on gender equality results?
PRACTICE

Based on the findings of the baseline study, companies will be able to assess whether there is an imbalance in the opportunities they offer to gender-responsive companies and women-owned businesses. There are several measures which can overcome these imbalances.

Classify suppliers and vendors: Categorize suppliers by ownership (i.e. women-owned vendors), WEPs status, and other relevant criteria.

Facilitate access to business opportunities: Widely share information about opportunities to supply goods and services. This will particularly assist small women business owners who do not have full access to information about opportunities. This can be done by:

- Standardizing and consolidating the application process.
- Publishing procurement policies, procedures and points of contact on the corporate website.
- Creating a central web portal, or electronic clearing house, through which corporate tenders are published.
- Publishing gender-responsive procurement results in the corporate annual report and/or corporate sustainability report.
- Partnering with local women’s organizations and certifying bodies to help identify barriers and solutions.
- Removing capital requirements and limiting contract sizes, for example, by breaking down requirements (offering one large contract can exclude many small women-owned businesses which lack the required scope or depth to compete).

Amend supplier selection criteria and apply them to purchasing practices: Award a certain share of contracts to “preferred firms” – gender-responsive companies and women-owned businesses – and communicate openly about it. Governments and companies which do so establish targets ranging from 5 to 30 per cent. It is important that the goals are measurable and apply across the organization, and that the list of preferred firms are reviewed on a regular basis to ensure a level-playing field for new and smaller, yet capable, women-owned businesses.

- Value the preferred firms – gender-responsive companies and women-owned businesses – over non-preferred firms. For instance, for equally compliant bids contracts are awarded to the preferred firm, e.g. women-owned businesses and/or gender-responsive companies.
- Permit preferred firms to pre-qualify for certain groups or categories of contracts. This practice requires setting aside certain procurement opportunities, e.g. under a certain value threshold, for competition among women-owned businesses.
- Introduce subcontracting requirements. For example, vendors awarded contracts over a certain threshold would be required to submit plans for purchasing from women-owned businesses, thereby helping to achieve targets.
- Give higher scores/value to firms with certain gender-specific criteria. For example, women-owned businesses and/or gender-responsive companies to pre-qualify for certain groups or categories of contracts. This practice entails that the procuring entity sets aside certain procurement opportunities, e.g. of a certain value threshold, for competition among women-owned businesses. The procuring entity could also value suppliers with gender balanced teams and knowledge about gender equality and women’s empowerment.

Update payment terms and pay promptly: Offer favourable payment terms for small businesses and those which are owned by women, especially if standard payment terms exceed 30 days. Larger companies are encouraged to pay suppliers promptly, upon receipt of goods or services, to help small businesses with their cash flow.
KNOW AND GROW YOUR SUPPLIERS

To increase the number of suppliers which are gender-responsive companies and women-owned.

- Leverage your company’s influence, alone or in partnerships, to advance gender equality and encourage your suppliers to sign and adopt the WEPs and follow in your footsteps.
- Consult the WEPs database of companies for partners with your values.
- Tell business associations and women’s business networks what products or services you are purchasing, including by organizing ‘meet-the-buyer’ events. In some countries, such as the US, the Women’s Business Enterprise National Council (WBENC) and WEConnect International (also operational in markets outside the US) certify businesses owned, controlled and operated by women. There are similar databases in other countries.
- Leverage your membership in multi-stakeholder initiatives and responsible business initiatives to advocate for the collection of sex disaggregated data and the development of gender-responsive due diligence tools.
- Develop your own rosters of gender-responsive companies and women-owned businesses and invite them to bid. Ask yourself out-of-the box questions on where you can find women-owned businesses.
- Regularly carry out supplier questionnaires to better understand their offerings, needs and values, such as gender equality policies and practices.
- Understand the workforce composition of your suppliers, i.e. the average gender ratio at both management and worker level over the past two years. This can help in identifying male-dominated power dynamics that often underpin gender-based discrimination, violence and abuse. This can help to decide the level of investment and vigilance towards the most significant business partners.

Support your preferred suppliers – gender-responsive companies and women-owned businesses

- Consult preferred firms on their experiences, current barriers or challenges that they face in accessing or fully participating in your supply chain; and seek their recommendations of how to resolve these issues. Women’s small enterprises may for example be discouraged by unnecessarily cumbersome and lengthy processes.
- Establish a network of preferred firms (current and future suppliers).
  - Organize supplier gatherings to enable networking and foster an inclusive community of gender-responsive supply chains. Observe the gender ratio of your suppliers in these gatherings – it may be a reflection of the gender ratio of employees and leaders in their companies.
  - Build their capacity to engage in your supply chain, such as on your bid process, procedures, payment terms, how to complete required agreements. Additionally, when a business does not win a bid, provide feedback so they can learn from the experience and address their shortcomings in future bid opportunities.
- Facilitate women-owned businesses’ access to capital to fund their first purchase orders by partnering with financial institutions. With such support, women will be able to grow their businesses and thus their business with your company.
- Research how your company impacts gender equality in the market more broadly.

Women’s Empowerment Principles
KNOWLEDGE MANAGEMENT

Based on the baseline study and risk assessment:

- Monitor and regularly fine-tune the gender-responsive procurement policy to enable a flexible response to changes in corporate objectives and growth as well as new and emerging market conditions. It can also help better understand the impact of gender-responsive procurement on criteria such as customer loyalty, efficiency gains and cost reductions caused by increased competition among your suppliers.

- Set specific targets and success indicators to promote gender equality in your supply chains. By defining specific targets and related success indicators, companies are in a better position to:
  - Communicate gender equality agenda among their staff and business partners.
  - Allocate necessary budget and human resources to reach their targets.
  - Communicate their commitment and progress to both internal and external stakeholders.

- Continuously research potential risks of gender-based discrimination in your supply chain and address emerging issues. Some specific examples of this include the use of gender-sensitive codes of conduct and social audits, such as that carried out by amfori BSCI, a human rights due diligence scheme by amfori, a global business association for open and sustainable trade.

- Set up a continuous improvement plan, including internal gender-responsive procurement audits, surveys with internal and external stakeholders and continuous communication between your company and your preferred firms to optimize the performance of contracts, payments and delivery of goods and services.

- Establish effective grievance mechanisms to ensure relevant stakeholders and suppliers can voice their concerns. Aim for gender parity in the composition of a grievance management team.
ENDNOTES

1 Anna Falth, “Gender equality – the missing link in the supply chain”, The Procurement Magazine, No.3 (2019). Available at www.empowerwomen.org/resources


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9 Donald Waters, Operations Strategy, Chapter 13 on Structure of the Supply Chain.


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18 Office Of The High Commissioner For Human Rights (OHCHR), Gender lens to the UNGPs. Available at www.pnchr.org/EN/Issues/Business/Pages/Gender-en.aspx


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30 Femeconomy, Creating Gender Equality through Procurement Toolkit, (2020). Available at: https://online.fliphtml5.com/bzzr/1zzs/#p=6


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36 UN Women, The power of procurement.
Promoting Economic Empowerment of Women at Work through Responsible Business Conduct in G7 Countries (WE EMPOWER—G7 Programme) is funded by the European Union (EU) and jointly implemented with the International Labour Organization (ILO). The Programme (2018-2020) will convene stakeholder dialogues in the EU, Canada, Japan and the US to exchange knowledge, experiences, good practices and lessons learned in the context of the changing world of work. Under the Women’s Empowerment Principles (WEPs), WE EMPOWER is working to equip companies to go beyond making commitments on gender equality and women’s empowerment, to strengthening their implementation, data collection and reporting on the WEPs.

ACKNOWLEDGEMENTS:
This guidance note was prepared by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) under the WE EMPOWER – G7 programme funded by the European Union and jointly implemented with the International Labour Organization. The brief was led by Anna Falth with substantive contributions from Anna Gollub, Jade Cochran, Inkeri Von Hase, Meral Guzel of UN Women; Eugenie Viatchaninova of FinDev Canada; and Franzis Wimmer of amfori.

DISCLAIMER:
This guidance note was produced with the financial support of the European Union. Its contents are the sole responsibility of the authors and do not necessarily reflect the views of the European Union, the United Nations and their member States.

Edit: Proseworks
Design: Oliver Gantner
Principle 1  Establish high-level corporate leadership for gender equality.

Principle 2  Treat all women and men fairly at work— respect and support human rights and nondiscrimination.

Principle 3  Ensure the health, safety and well-being of all women and men workers.

Principle 4  Promote education, training and professional development for women.

Principle 5  Implement enterprise development, supply chain and marketing practices that empower women.

Principle 6  Promote equality through community initiatives and advocacy.

Principle 7  Measure and publicly report on progress to achieve gender equality.