

August 28, 2020  
UN Global Compact

## **PFSCM Communication on Engagement (CoE)**

To the UN Global Compact Secretary-General

It gives the [Partnership for Supply Chain Management \(PFSCM\)](#) great pleasure to express our continued support for the UN Global Compact, and renew our commitment to the initiative.

PFSCM is a specialized procurement services agent and supply chain management organization serving global donors who manage some of the most fragile, and most important public health supply chains on earth. Ethical, sustainable practices are at the core of our daily operations. Our business decisions indirectly affect the outcomes of global health programs, and ultimately play a role in saving people's lives, and improving health outcomes for millions of patients.

For PFSCM, corporate sustainability through responsible business activities, is a core element of our company culture.


Since our first engagement with the UN Global Compact in 2018, PFSCM has taken practical actions to support the UN Global Compact Principles.

We consciously reworked our ISO 9001:2015 certified Quality Management System to include the Ten Principles of the UN Global Compact in our documented Standard Operating Procedures (SOPs), Working Instructions, Policies, and Guidelines.

PFSCM implemented new business practices that advance the UN Global Compact Principles in the following areas of business:

- Procurement and sourcing (Principle 10: Anti-corruption)
- Logistics and waste management (Principle 8: Environment)
- Human Resources (Principles 3 to 6: Labour and Human Rights)

Further details are provided in the attachment to this letter. Most of our policies apply to our vendors, suppliers and logistics partners, and thus through developing sound practices we are also influencing our network of stakeholders.



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PFSCM's Quality Management System has been certified to ISO 9001:2015 Quality Management System Standard by UL DQS Inc. Ref Registration # 10012936 QM15.



JSI Research & Training Institute, Inc.  
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## **a. Principle 10: Anti-corruption**

### **a.1. New Code of Conduct for Vendors and Suppliers**

The procurement and sourcing of services and products is one of PFSCM's main business activities. PFSCM has always been executing these services with the highest level of ethical standards, and in 2019 we created a [Code of Conduct for our Vendors and Suppliers](#), thereby involving them in responsible business practices, and holding them accountable to our standards, and expectations.

PFSCM's suppliers must comply with the PFSCM Code of Conduct for Vendors and Suppliers.

Our Code of Conduct clearly describes our expectations for building sustainable and reliable relationships with our vendors and suppliers.

The Code of Conduct for our vendors and suppliers covers the below topics:

- Transparent, fair, accountable and honest procurement practices.
- Compliance with applicable laws and regulations regarding fair competition.
- Corruption, fraudulent, collusive, anti-competitive or coercive practices.
- Exchange of fees, gratuities, rebates, gifts, and commissions.
- Privacy of information, data, know-how and documents.
- Compliance with country specific laws and regulations.
- Financing and promotion of violence, and terrorism.
- Money-laundering activities.
- Maintaining complete records in appropriate books of account of all financial and business transactions.
- Disclosing actual, perceived, or potential conflicts of interest.

### **a.2. Updated SOP for Procurement**

In 2020, as part of an internal audit, PFSCM updated its SOP for Procurement to reflect the latest best practices.

PFSCM utilizes full and open competitive procedures to facilitate timely delivery of quality products and services at a reasonable cost. PFSCM selects its suppliers based on best-value according to the following criteria, which may include, but are not limited to:

- Lead time
- Quality of products
- Price of commodities
- Customer service by the vendor
- Maintenance and service agreements
- Product training
- Vendor performance and supplier (financial and operational) long-term viability
- Compliance with World Health Organization or Stringent Regulatory Authority standards.
- Compliance with the PFSCM Code of Conduct for Vendors and Suppliers.

Our processes and procedures have been repeatedly inspected to ensure we uphold ethical practices such as:

- Always prioritizing product quality above all else to ensure the safety of patients, and success of health program outcomes.
- Offering clients accurate and reliable advice on products and pricing, even if that results in sales elsewhere.
- Offering clients accurate and reliable advice on product quantities even if that results in lower sales.
- Offering clients accurate and reliable advice on maintenance, training, and service plans without the client incurring unreasonable costs.
- Executing fair tendering processes which are free of bias, and leave no room for corruption, or discrepancies

PFSCM's tendering activities explained:

- PFSCM has a well defined procurement process which staff are required to follow.
- All tender information and records are documented in accordance with PFSCM's ISO 9001:2015 certified QMS.
- PFSCM focuses on competitive procurement to deliver best value to clients. We have different procurement methods guided by a dollar threshold/risk. There are some exceptions such as in the case of sole source procurements or single source justifications (country testing algorithms), emergency procurements (when a country is at or close to stockout) or low value procurements under \$10,000 where fair market value can be determined).
- Solicitations are open and promote fair competition. Solicitations are sent to vendors at same time, rules of engagement are clearly defined, questions received and answers are shared with all vendors (except in the case of proprietary information), and PFSCM performs landed cost evaluations for larger shipments where countries of origin or packaging sizes are different, etc., and when inco-terms differ.
- PFSCM notifies all vendors who submitted a proposal of the award outcome. For large procurements we have a tender evaluation committee process where a team of technical and procurement experts evaluate bids.
- We have a checks and balances process where a senior staff member and somebody other than the buyer checks and approves customer quotations. An additional senior staff member reviews and approves the purchase order.

The above activities ensure PFSCM's procurement process is fair and transparent.

#### **Highlights:**

- Since 2018, PFSCM has floated four tenders all complying with our SOP for Procurement.

#### **a.2. Updated Fraud and Corruption Reporting Policy**

PFSCM has undertaken an extensive revision of its fraud and corruption reporting policies and mechanism. These efforts have included a revision of its internal payment process for the Accounts Payable Unit in order to manage any email phishing that any members of the PFSCM personnel may receive. This has resulted in having a two-level verification process for any changes of payment

information from third parties, including but not limited to suppliers and vendors. PSFCM takes the increase of cybercrime seriously and will continue to monitor and follow-up all types of other sophisticated electronic potential sources of fraud.

Further, PSFCM has identified a Consulting Firm to lead internal training to all staff aimed at providing the tools and knowledge to identify any potential cyber threats and/or crimes that could be directed via our IT systems. Our parent company, [JSI Research & Training, Inc.](#) has also revised its insurance policies on this important matter as part of our internal efforts to proactively deal with this increasing type of crime.

In addition, PSFCM has also updated its internal SOP on Fraud & Corruption Reporting that states our commitment to abide by a wide range of applicable legal frameworks, e.g., The UN Global Compact Principles, The Global Fund's Policy to Combat Fraud and Corruption and its Whistle-Blowing Policy and Procedures, and its Ethical and Integrity Framework.

The Global Fund is PSFCM's main client, and we have ensured that relevant language and mandatory clauses are included in all our contractual mechanisms.

Meanwhile, PSFCM also incorporated the extensive body of regulatory framework from USAID that includes, among many other regulations, its Fraud Awareness, and Business Ethics Code and Compliance Framework. These are part of our internal policies, and are included in our engagement with partners, counterparts, subcontractors, stakeholders and beneficiaries.

## **b. Principle 8: Environment**

### **b.1. Logistics**

In early 2019, PSFCM confirmed our intent to implement the Global Logistics Emissions Council (GLEC) Framework for Logistics Emissions Methodologies, which will be applied progressively across our logistics operations. This framework enables a company to understand its carbon footprint, alongside cost and time, to decide the best way to transport its goods.

The GLEC Framework was developed by the Smart Freight Centre (SFC), established in 2013 as a global nonprofit organization working toward an efficient and environmentally sustainable global logistics sector.

### **b.2. Supply Chain Waste Management**

PSFCM has experienced firsthand the complexities associated with health care waste reduction and management.

Not all health care waste can be prevented, but from a supply chain perspective, waste generated as a result of expired products, damages during transportation, unwanted donations (for example, those that do not meet country requirements or donations with low remaining shelf-life), counterfeit products, or unsuitable products (such as those with incorrect or untranslated labelling), can be minimized.

Accurate forecasting and quantification, best procurement practices, well executed logistics, and proper inventory and warehousing management can significantly reduce the amount of health care waste.

PFSCM has the responsibility to ensure that products arriving in-country have the highest probability of being consumed. This entails proactive engagement with country recipients to ensure the products are of the correct specification, with adequate shelf life, and that sufficient storage is available.

PFSCM works closely with country recipients to ensure that products ordered are completely understood and fit for purpose. This comprises checking every detail such as labelling language, packaging specifications, country specific requirements and regulations.

Apart from collaborating with country recipients, PFSCM also upholds a strict product quality assurance (QA) policy, which prevents costly and wasteful product recalls.

Working with reliable partners and embracing new technologies and innovations that provide end-to-end traceability, enables us to prevent counterfeit products from entering the supply chain, and quickly identify and eliminate falsified products should they be introduced.

In addition, to ensure product integrity during transportation, PFSCM's 4PL Services division works with freight forwarding companies that comply with Good Distribution Practices. These freight forwarders employ advanced cold chain shipping, and temperature monitoring to help maintain product integrity during transportation.

Overall, by employing best procurement and supply chain practices and maintaining good stakeholder relationships, organizations can reduce health care waste.

### **Highlights:**

- In 2020 PFSCM offered to share a scarce charter flight with a competitor. Sharing resources among procurement services agents is an uncommon practice, and PFSCM has led the way in this initiative which saved both organizations money, and reduced the logistics carbon footprint for both organizations.
- In 2017, PFSCM established a transit warehouse in Uganda to relieve pressure off the National Medical Stores (NMS). When the NMS is at overcapacity, products overstay at the ports incurring significant wasteful detention and demurrage (D&D) costs. With the transit warehouse in place products could be stored safely, eliminating the D&D costs. PFSCM helped Uganda to prevent hundreds of thousands of dollars in annual D&D charges. The transit warehouse is still in use today.
- In 2020, PFSCM remapped the importation process for health products in Tanzania after the government made changes to procedures. The changes resulted in bottlenecks in customs clearance at the ports and PFSCM and its peers incurred wasteful D&D costs. The remapping of the process has significantly streamlined the operations, and reduced the D&D charges.

### **b.3. PFSCM Environment Policy and Related Matters**

PFSCM is an environment conscious organization dedicated to preserving the planet and our natural resources. PFSCM's Facilities Management is continuously looking for new ways to reduce our carbon footprint through the operations of its buildings and equipment by using eco-friendly vendors, products, and services. We already undertake the basics such as recycling, employing energy efficient methods for lighting and ventilation control, encouraging remote working to reduce the impact of commuting, and monitoring the consumption of office stationery and equipment to eliminate waste.

In 2019, PFSCM and its parent organization JSI Research & Training Institute relocated their US offices to a highly sustainable building in Arlington Virginia, which is shared with the US Environmental Protection Agency. The building boasts unique "green" features, and has earned [several certifications for its sustainability](#).

PFSCM is in the process of formalizing our Environmental Policy for activities beyond our offices such as our in-country projects. The Environmental Policy will incorporate key principles and best practices as stipulated in the environmental guidelines off:

- The United Nations High Commissioner for Refugees Environmental Guidelines framework.
- USAID guidelines (e.g. Title 22, Code of Federal Regulations, Part 216, and Automated Directive System –ADS- 204: Environmental Procedures)
- The UK Department for International Development
- The World Health Organization
- The Australian Department of Foreign Affairs and Trade

### **c. Human Rights and Labour**

PFSCM is committed to deterring all activities that would facilitate human trafficking, child abuse, exploitation, or neglect by its staff, as well as by contractors, sub-contractors, recipients, subrecipients, vendors, consultants, volunteers, interns, partner agencies, and visitors, among others, as a result of any of its current programming, regardless of source of funding.

PFSCM introduced a new Counter Trafficking In Persons Policy and Child Safeguarding Standards and Child Protection Policy in 2019.

These policies are applicable to all programs and operations across PFSCM, including its partners, sub-awardees, subcontractors, vendors, labor recruiters, brokers or other agents acting upon its behalf. Any conduct that may violate these policies, must be reported immediately.

#### **c.1. New Counter Trafficking In Persons Policy**

PFSCM is opposed to all forms of trafficking in persons and is committed to mitigating the risk of trafficking in persons in connection with its operations and programs. PFSCM will report all violations or credible alleged violations of this policy to the appropriate governmental and/or supranational organizations.

All PFSCM contracts and subcontracts, including service contracts, must incorporate an Anti-Trafficking Policy flow-down as an addendum to the contract or subcontract.

Our Counter Trafficking In Persons Policy incorporates the following regulations and best practices among others:

- The United Nations Convention against Transnational Organized Crime, adopted by General Assembly resolution 55/25 of 15 November 2000.
- The Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children, as adopted by General Assembly resolution 55/25 and entered into force on 25 December 2003.
- The United Nations Convention on the Rights of the Child sets forth the main framework for the protection and safeguarding of children, in particular, the “right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous, or to be harmful to the child’s health or physical, mental, spiritual, moral, or social development.”

### **c.2. New Child Safeguarding Standards and Child Protection Policy**

Through the adoption of the Child Safeguarding Standards and Child Protection Policy, PFSCM has included general guidelines to all activities intended to prevent and respond to abuse, exploitation, or neglect of children.

Our Child Safeguarding Standards and Child Protection Policy incorporates the following regulations and best practices among others:

- The United Nations Convention on the Rights of the Child, which is also incorporated into the United Nations Development Programme (UNDP)/Global Fund and Health Implementation projects, sets forth the main framework for the protection and safeguarding of children, in particular, the “right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to be harmful to the child’s health or physical, mental, spiritual, moral or social development.”
- The “Modern Slavery Act of 2015” issued by the UK Parliament seeks to “amalgamate existing criminal offences relating to modern slavery (including slavery, servitude, forced and compulsory labour, and human trafficking),” while increasing protections provided to victims, including a provision of child trafficking advocates.

### **c.3. New Antiracism and Equity Task Force**

In 2020, PFSCM adopted the Antiracism and Equity Task Force principles of our parent company JSI Research & Training Inc. PFSCM has access to a wide range of resources for staff to identify and understand issues such as Structural and Systemic Racism, and Racism in the light of COVID-19.

Resources available to PFSCM and its staff include:

- Toolkits and guides
- Trainings
- Videos
- Documents
- Reading materials

#### **c.4. Culture Committee**

In 2019, PFSCM has established a Culture Committee which is tasked with researching and developing tools and techniques that support equality, diversity, and inclusion as well as, organizational culture, values, and norms and social activities that develop cultural awareness and sensitivity, uncover unconscious biases, and provide education.

#### **Final thoughts**

PFSCM believes we have sufficiently demonstrated our ongoing commitment to the principles and initiatives of the UN Global Compact. We recognize that there is much more work to be done, but feel confident that we are on the right path to becoming a more sustainable and responsible organization.

- ENDS -