

IFPSM CODE OF CONDUCT

Guide to Procurement and Supply Management Ethics

May 2019

Preface

IFPSM considers it of great importance that procurement and supply management professionals display sound business ethics. A procurement and supply management professional is honest, dependable, shows integrity, operates in line with procurement and supply management-related standards, and makes decisions based on facts instead of self-interest. Parties involved in the procurement and supply management process are entitled to equal opportunities, and it is key to strike a healthy balance between people, planet, and profit. It is with this in mind that IFPSM has developed a Code of Conduct that helps procurement and supply management professionals deal with the ethical dilemmas they face as part of the procurement and supply management process.

We have opted to use core values instead of rules, as rules often fail to go beyond merely dictating what is and what is not allowed. Core values have a broader scope and set out what procurement and supply management processes should ideally be like. Our members can compare these best practices to their own situation and adjust their approach where necessary. This is how we, together, make procurement and supply management more professional.

*The code is based on four **core values**:*

- *Business ethics*
- *Expertise and objectivity*
- *Open competition and*
- *Sustainable procurement and supply management.*

*This Code of Conduct revolves around four **core subjects**:*

- 1) *Legislation and regulations*
- 2) *Personal interest*
- 3) *Conduct towards competitors and*
- 4) *Corporate social responsibility.*

In short, what it boils down to is that procurement and supply management professionals will show integrity, always try to be ethical in their actions, and be open to learning. They will abide by applicable legislation and rules (at all levels), respect honest competition, be fair towards business partners, and keep business and personal interests separate. They will protect trade and company secrets and be mindful of their position when using social media.

In case of a dilemma, procurement and supply management professionals can ask advice by contacting IFPSM office.

I Introduction

The IFPSM Code of Conduct is intended for every procurement and supply management professional who is a member of IFPSM. The idea behind the IFPSM Code of Conduct is to provide a touchstone that procurement and supply management professionals can fall back on during their business contacts, and sometimes also outside their professional domain, as private activities may sometimes also impact on a person's professional role.

The IFPSM Code of Conduct is in full compliance with the basic principles specified by the UN's Global Compact platform. Furthermore, it was compiled in line with the appropriate ILO Conventions (International Labour Office), the United Nations' Universal Declaration of Human Rights, the UN Conventions on the Rights of the Child, the Convention for the Elimination of All Forms of Discrimination of Women, and the OECD's Guidelines for Multinational Companies and the UN Sustainable Development Goals (SDGs: see Annex 1).

It is important for everyone to understand that 'good conduct' may very well mean going above and beyond the stipulations of codes of conduct and guidelines. In the end, it is all about our members going beyond the letter of the IFPSM Code of Conduct to embrace the spirit of the code. With this in mind, this code of conduct does not offer a checklist, but rather a number of guiding principles that are relevant to procurement and supply management professionals and stakeholders.

II Core values

The four core values that lie at the basis of the IFPSM Code of Conduct are: business ethics; expertise and objectivity; open competition; and sustainable procurement and supply management.

Business ethics

By this we mean that procurement and supply management professionals will be honest and dependable, and not cause others harm. Within all aspects of the procurement and supply management process, they act in good conscience, always speak the truth, so that stakeholders are never misled. They will never reveal confidential information to third parties (unless legal or professional obligations require revelation of such information), nor use confidential information for personal gain. Procurement and supply management professionals will adhere to all legislation and regulations that apply to them, and refrain from actions that may discredit the profession.

Expertise and objectivity

When asked, procurement and supply management professionals will always provide correct information (providing there are no legal objections or confidentiality obligations that impede this) and endeavour to make the right decisions based on sound knowledge and experience. They will show integrity under all circumstances, acting honestly and in line with professional standards. In order to be able to do the latter, procurement and supply management professionals will stay abreast of relevant developments in their professional field.

Objectivity is all about procurement and supply management professionals basing their judgement on facts instead of on prejudice or self-interest. They will not be open to improper influencing by third parties and will avoid any relationships that may influence their professional and independent judgement in an undesirable manner.

Open competition

Open competition means offering all potential suppliers' equal opportunities in bidding for an order, selecting suppliers based on objective criteria, preventing exclusive dealing, and no collusion.

Sustainable procurement and supply management

Procurement and supply management professionals strive for procurement and supply management with the most positive environmental, social and economic impacts possible over the entire life cycle (Source: ISO 20400 Sustainable Procurement and supply management). Procurement and supply management professionals will conduct themselves in a responsible fashion and contribute to sustainable development by ensuring responsible consumption and production (SDG no. 12).

The four core values are by no means stand-alone values but are instead reinforced by their mutual connection. Possible conflicts between core values require careful assessment to be able to choose the best way to proceed. IFPSM will in such situations be available for advice.

III Core subjects

The overriding basic principle is that procurement and supply management professionals will show integrity, always endeavour to act in an ethically correct fashion, and be open to learning and improving themselves, colleagues, and the procurement and supply management profession/sector at large.

The IFPSM Code of Conduct revolves around the following core subjects: legislation and regulations; personal interest; conduct towards competitors; and corporate social responsibility.

Legislation and regulations

Procurement and supply management professionals will abide by all applicable legislation and regulations in all countries where they conduct business. Business partners will always be treated fairly, and a deal is a deal, meaning that contracts will always be honoured.

Personal Interest

Procurement and supply management professionals always ensure business and personal interests are kept separate. Procurement and supply management decisions are made independently and objectively.

Procurement and supply management professionals will comply with anti-corruption legislation, meaning that they will refrain from offering, promising, providing, or approving in-kind personal benefits aimed at

- obtaining an advantage in business transactions,
- influencing a business relationship in an improper or prohibited manner, or
- compromising the business partner's professional independence.

Neither will procurement and supply management professionals demand or accept personal benefits in dealings with business partners. An exception is made for minor benefits that stay within the boundaries of normal business practice and relate to hospitality, business courtesies and/or local customs.

Unequivocal guidelines formulated by employers, about offering and receiving gifts and accepting invitations to business entertainment and events, will provide procurement and supply management professionals with clarity on what is and what is not permitted, and stipulate exceptions for giving and receiving gifts that are not of great value and have a symbolic meaning. Other issues that may also require boundaries, such as business dinners and corporate outings, can also be clearly demarcated in such guidelines.

Conduct towards competitors

Procurement and supply management professionals will respect fair competition and, with that, legislation and rules that on the one hand enforce and stimulate competition and on the other prohibit collusion and price fixing.

Corporate social responsibility

a. Ensuring responsible consumption and production

Procurement and supply management professionals explicitly dedicate themselves to sustainable management and use of natural resources and strive for a significant lowering of waste production through prevention, reduction, recycling, and reuse. Aside from that, procurement and supply management sees to the eco-friendly management of chemicals and all waste products through their entire life cycle. The United Nation's Sustainable Development Goals (and SDG 12 in particular) are the basic principles in this respect. Active contributions by, and collaboration with suppliers (supply chain responsibility) are encouraged.

b. Forced labour

Procurement and supply management professionals will reject any kind of forced labour, and they will respect United Nations charters on human rights and the rights of children. They will specifically endorse the *Convention concerning the minimum age for admission to employment* (Convention No. 138 of the International Labour Office, or ILO), and the *Convention concerning the prohibition and immediate action for the elimination of the worst forms of child labour* (ILO Convention No. 182). Whenever national regulations stipulate stricter measures, these regulations will take precedence over international conventions.

d. Treatment of employees

Within the boundaries specified by national statutory provisions, procurement and supply management professionals will protect employees and their health at work and will support continuous development of this process to improve the work environment.

e. Dealing with confidential information

Procurement and supply management professionals will see to it that trade and company secrets are not disclosed. Confidential information and confidential documents will only be revealed to third parties or made accessible in other ways with express prior consent or by court order.

f. Social media

Procurement and supply management professionals will be mindful of the interests of others when using social media, also when stating personal opinions. Based on their position, procurement and supply management professionals will assess whether and what they can publish in a private capacity.

IV Final remarks

IFPSM calls upon procurement and supply management professionals to actively share the IFPSM Code of Conduct with their suppliers and other business partners to foster compliance therewith. And they are also encouraged to ask their suppliers to share the IFPSM Code of Conduct with their contacts to ensure the broadest possible dissemination of the principle across the procurement and supply management supply chain.

Procurement and supply management professionals will also inform their employees and/or colleagues on the IFPSM Code of Conduct and possibly ensuing workflow changes. Needless to say, they are free to implement codes of conduct with requirements for ethical business practice that are stricter than those specified in the IFPSM Code of Conduct.

Annex 1: Links to conventions, declarations, and guidelines cited

UN Global Compact	bit.ly/2FTPymM
ILO conventions	bit.ly/2FTrTTz
Universal Declaration of Human Rights	bit.ly/2I7fPQb
UN Conventions on the Rights of the Child	bit.ly/2wmXHk7
UN Convention for the Elimination of All Forms of Discrimination of Women	bit.ly/2rsFDPQ
OECD Guidelines for Multinational Companies	bit.ly/2HXrHs9
UN Sustainable Development Goals	bit.ly/2HXVa5n