

Question

TO: Senate
QUESTION FROM: Senator Hébert
RESPONSE FROM: Senator Di Grappa, Vice-Principal (Administration and Finance)
SUBJECT: Question and Response Regarding the Ethical Conduct of Suppliers
MEETING DATE: March 23, 2016

PREAMBLE: Whereas, Section 3.1.4 of McGill's Procurement Policy reads as follows:

McGill University values suppliers who preserve irreproachable ethical behavior and are committed to good corporate values. Adhesion by the suppliers to the ethical and professionalism expectations set by the University is a condition to any contract award;

Whereas, the vital role of responsible animal use in advancing health and biomedical research and its public perception is undermined by institutions and companies that do not conform to ethical standards in animal care;

Whereas, there is clear value in ethical institutions communicating their repudiation of such practices and to publicly communicate a responsible and ethical position on the use of animals in research;

QUESTION

- 1) What mechanisms exist to ban or otherwise end commercial relationships with suppliers who fail to meet our ethical standards according to McGill procurement policies?
- 2) How do we determine if such a mechanism should be applied to specific suppliers?
- 3) How does McGill become aware of such practices and what is the procedure to notify the University administration of alleged unethical behaviour by suppliers?

RESPONSE:

- 1) There are several ways by which this can be achieved:
 - By virtue of Clause 4.2.2 (c) of McGill University's Procurement Policy, Procurement Services can issue Procurement Directives "when urgent realignment of a practice is required due to non-compliance". In such instances, Procurement Services can ban and/or restrict the purchase of goods and services from suppliers who are unethical or who fail to comply with the law;
 - By including the McGill Supplier Code of Conduct in all purchase orders. The first draft of McGill Supplier Code of Conduct is expected to be adopted and implemented by May 2016;
 - By the terms and conditions of individual contracts with suppliers.
- 2) For the moment, the University's expectations for the ethical and lawful behaviour of its suppliers are detailed in the University's Procurement Policy and in certain contracts with suppliers. Procurement Services staff have been trained to uphold the Procurement Policy and to recognize suppliers' unethical and/or unlawful behaviour.

Procurement Services seeks to validate non-compliance allegations when a supplier's activities are recognized as inconsistent with the provisions of the Procurement Policy. It also assesses with key stakeholders the potential impact of a ban or restriction of a supplier's products. Depending on the outcome, Procurement Services would take one or more of the following steps:

- informing McGill's senior administration of the situation;
 - issuing a formal letter to the supplier to request immediate corrective measures;
 - communicating a Procurement Directive with McGill end-users, informing them of the ban (or restriction) on purchases from the supplier;
 - communicating with the relevant authorities, as applicable;
 - sharing McGill's findings and actions with other Canadian universities.
- 3) Procurement Services is overseeing purchases from approximately 20,000 different suppliers and merchants in a complex supply chain spanning the globe. McGill's administration (through Procurement Services) can take action but must be informed of suppliers' unlawful or unethical behaviour.

As part of its Sustainable Procurement Strategy (<https://www.mcgill.ca/procurement/sustainability/plan>), McGill

University's Procurement Services has drafted, and will soon adopt, its first Supplier Code of Conduct, which establishes the University's expectations for engaging in business relations with suppliers. The document, which was reviewed by Legal Services, and "tested" with a diversified group of suppliers, covers social, environmental and ethical principles, and encompasses respecting the internationally recognized Five Freedoms for animals. McGill community members, researchers, or actors along the University's supply chain will be prompted to be vigilant and inform Procurement Services (via a dedicated email address) if they are aware of or witness to irregularities or activities conflicting with the University's Supplier Code of Conduct. The Supplier Code of Conduct will be available on the Procurement Services website.