



GUIDELINES FOR COMMERCIAL RELATIONSHIPS

BACKGROUND

HLA exists to improve the process of bringing aid to where it is needed, better, faster and more reliably. It does this by being a neutral interface between aid organisations, the private, public and academic sectors. Its 'currency' is knowledge and information, based on best practice and always guided by humanitarian principles.

HLA empowers logisticians and individuals from any sector involved with delivering aid, whether locally or globally, for the people that need it, when they need it. We are a catalyst for change, helping to move the aid sector from evolution to transformation. We are informed enablers, using our knowledge and experience to effectively connect supply with demand, support market transparency and reduce waste

The purpose, principles and values of HLA are set out as guidelines that are intended to represent the practical application of them to govern its specific relationships with commercial partners.

PURPOSE

The aid sector in general, and the logistics sector in particular, is changing. The role of the private sector is growing. This creates great opportunities but also risks. The purpose of this Charter is to set out how HLA will conduct itself in its relationships with the private sector in order to maximise the potential, whilst managing and controlling any risks to the humanitarian principles that underpin everything we do.

No engagement with the private sector can be allowed to

- Harm HLA's humanitarian objectives
- Compromise the actual or perceived independence or neutrality of our work
- Damage our integrity or professional reputation
- Create a conflict of interest

OPPORTUNITIES

Whilst necessarily motivated by profit and shareholder value, the private sector can bring great benefits to the humanitarian effort. These benefits include efficient processes, reach on the 'last mile' (enabling greater localisation of effort), and of course, funding – bringing

opportunities to re-distribute money to areas that would not otherwise receive it and allowing investment in 'pump-priming' activities.

This all requires co-ordination and knowledge-sharing, which HLA is extremely well positioned to carry out – perhaps uniquely so in the logistics sector.

HLA therefore needs to engage with the private sector locally and internationally to harness the potential benefits and benefit the overall aid effort accordingly.

RISKS

HLA must be aware of a wide range of risks in dealing with commercial organisations. Companies may operate in a number of ways that run counter to humanitarian principles such as unacceptable ethical practices in poor human rights, diversity, trading in harmful products, environmentally unsustainable practices, and so on.

We must respect that companies need to make profit and enhance shareholder value; however, we must also be sure that our commercial partners are sincerely aligned with the aims and principles of HLA.

For these reasons, this Charter is necessary to ensure that HLA's engagement with the private sector does not have negative and harmful consequences, even if unintended. HLA will act with sensitivity and based on robust case by case risk assessments.

ACTIVITY AREAS

HLA will engage with companies and other commercial entities in a number of areas, including the following and subject to the application by HLA of several tests and procedures:

PROJECTS & GRANTS

In addition to traditional sources, such as governments, multi-national organisations etc, the private sector is an increasing source of funds for specific projects, which may therefore take the form of public-private exercises

- The partnership must benefit the humanitarian sector and/or will improve aid delivery systems, and not just further the interests of the commercial partner. To do this, HLA will assess the intended gains for the sector from the partnership, taking into account any offsetting negative effects.
- The bulk of funds generated by the partnership will be applied to a new or existing and clearly delineated project in the humanitarian and/or development aid field; and not be taken into HLA reserves unless and until the project has been officially closed.
- Preferably, the results of the partnership should also provide valuable benefits (including information, data etc) to HLA members and the wider aid community.

Where relevant HLA will charge a percentage of the project funds to cover related direct and overhead costs.

SERVICES

HLA may supply one-off services to commercial organisations, in exchange for fees, provided that

- The learnings of the work are made available to add to the sum of knowledge and useful information available to the humanitarian logistics sector; after removing any aspects that are reasonably considered confidential to the commercial partner
- Any communication (internal or external) must not be perceived as endorsing a particular company, product or service.
- A statement to this effect will be made in writing to all potential partners as part of the contractual relationship.
- All contracts for the supply of services by HLA must be approved by a meeting of its Operational Board. In exceptional circumstances, two Trustees not involved in the direct negotiations with the commercial partner may approve for the exercise to begin, but the contract will then be submitted to the next meeting of the Operational Board for ratification.

COMMERCIAL PARTNERS

HLA may work with private sector entities including suppliers to the sector, internationally and locally, and potential partners will be vetted by using the HLA's due diligence process, as follows:

- Prioritizing suppliers whose values demonstrably include sustainable impact in tackling aid delivery issues and/or meeting local aid delivery needs (and not only profit making)
- Suppliers who can demonstrate that they have already been investing effort and funds to understand the context, the problems and how they could help.
- Suppliers who hire locally, invest in staff skills development, work with local raw materials, production and/or maintenance/distribution suppliers with demonstrable fair and ethical practices.
- Suppliers who can show a commitment to a relationship for the long term.
- Suppliers who can demonstrably show that they meet recognised national and/or international standards and aspire to the highest standards & are innovative.
- It will be made clear in writing to chosen suppliers that, whilst supporting mutually beneficial work, HLA cannot and will not endorse specific products or services that they sell or are associated with.

PROCESSES

- Risk and opportunity assessments will be made in each case and will include
 - Due diligence checks on the potential partners

- The objectives and methods of all activities will be recorded in writing in advance.
- This Charter will be given to each potential partner, and they must accept it for the relationship to proceed.

INTERNAL PROCEDURES

- The workings of this Charter will be co-ordinated by the Secretary of the HLA Trust
- Where possible, the terms of any proposed commercial partnership shall be approved by a meeting of the Operational Board prior to HLA being committed contractually.
- If that is not possible, the terms must be negotiated and approved by a minimum of two Trustees and submitted to the next meeting of the Operational Board.
- This Charter will be available publicly on the HLA website, and any changes to it will be subject to the agreement of the Board of Trustees.

CORPORATE ASSOCIATES

This Charter will be used as guidelines in considering applications for Corporate Associateship to HLA.