Pacific Northwest
NATIONAL LABORATORY

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Walk the Talk: How PNNL is Developing a Supply Chain Security Culture

Pacific Northwest National Laboratory (PNNL), in support of the U.S. Department of Energy, is at the forefront of developing solutions to stop the spread of weapons of mass destruction. The laboratory oversees controlled technology and information and needs to protect these valuable assets with a strong supply chain security culture. PNNL's management and research staff recognize that it is not enough to support the U.S. Government through nonproliferation program work—we need to "walk the talk" in our daily operations as a model for others. The table below illustrates PNNL's progress to date in fostering a culture of supply chain security.

Supply Chain Security Indicator	PNNL Walking the Talk
1. Communicate corporate governance statement on nonproliferation	Our vision is "PNNL science and technology inspires and enables the world to live prosperously, safely, and securely." Battelle's mission states, "We are guided by the belief, shared by our employees, that no business objective is worth achieving at the expense of our integrity and ethics." One of PNNL and Battelle's core values is also integrity. PNNL's Lab Director released a video sharing PNNL's commitment to controlling and securing our information and technology at all times.
2. Participate in relevant nonproliferation codes of conduct or pledges	Beyond general expectations for ethical behavior and integrity or general export control guidance, no explicit nonproliferation code of conduct exists at PNNL nor does one currently exist that targets National Laboratories. PNNL is considering developing such a code for the organization.
3. Preferentially select business partners that maintain strong nonproliferation practices	In sole-source contracts, PNNL can require its contracting entity to abide by the PNNL nonproliferation standards (supply chain security controls). PNNL is also exploring options to include this requirement in bidder criteria for procurements.
4. Develop a corporate policy on reporting anomalous incidents to appropriate parties	PNNL mandatory staff training includes being alert for individuals who may attempt to gather sensitive information and reporting unusual requests or suspicious activities. This is supportive of growing a supply chain culture that ensures sensitive technology, information, or equipment does not end up in the wrong hands.
5. Participate in governmental export control rulemaking	PNNL supports U.S. agencies in rulemaking, such as providing economic analysis in support of the National Nuclear Security Administration's revision of the Code of Federal Regulations Title 10 Part 810, which controls the export of unclassified nuclear technology and assistance. PNNL is active in the Export Control Coordinators Organization to support U.S. government efforts.
6. Require nonproliferation training and education for employees	All PNNL staff (including interns and subcontractors) complete mandatory training that includes export control and defines the importance of protecting all sensitive information, technology, and equipment. All work is reviewed by a Derivative Classifier before release. All material planned for foreign distribution must be reviewed by trained export control office staff members prior to delivery.
7. Acknowledge noncompliance if it occurs	Operational reports, including infractions, are shared with the regional DOE office and DOE Office of Science headquarters to demonstrate a commitment to transparency and maintaining a supply chain security culture.

RELATED EFFORTS

The following activities are further enhancing PNNL's efforts to make nonproliferation a mainstay of our operations:

- **Maintaining an effective export management and compliance program** - PNNL's Export Controls Office maintains the export management and compliance program, closely monitoring and regularly auditing operations to verify compliance.
- **Technology commercialization and transfer** - PNNL's Commercialization team verifies that its contracting entity has an export compliance program in place and that the contract has proper language so that PNNL's property/knowledge is not used for proliferation purposes.
- **Messaging and reporting** - PNNL staff present on the subject of integrating nonproliferation into corporate sustainability and on building and maintaining a culture around supply chain security at national and international meetings.

WHAT'S NEXT?

A strong supply chain security culture means avoiding complacency. PNNL continues to explore opportunities to improve supply chain security:

- More explicitly weave supply chain security into our corporate governance statement so our stakeholders clearly understand this lab-level commitment.
- Implement selection criteria for nonproliferation practices in bidding/procurement processes.
- Incorporate more lessons learned into training to better convey the importance of controlling information, technology, and equipment.
- Strive to build a code of conduct for ourselves and to serve as a thought leader among U.S. national laboratories.
- Reiterate behavior expectations for securing information (at conferences, in public spaces, etc.).
- Include in the Export Controls Office a requirement that all presentations and papers to be given/released be reviewed first by the appropriate manager to ensure that no sensitive information is included.

Where did the seven indicators come from?

In 2013 PNNL research staff published an article defining seven indicators for a strong supply chain security culture. A single set of widely accepted indicators would facilitate transparent reporting by companies on their activities, enabling regulators, investors, employees, and the general public to understand which companies are going beyond compliance.

An indicators-based approach is not new: thousands of companies use similar sets of shared metrics to report on their sustainability performance. By judging PNNL's own operations against this set of indicators, the laboratory helps set a global transparency norm for others to consider following.

Reference: Kurzrok AJ, and G Hund. (2013). "Beyond compliance: Integrating nonproliferation into corporate sustainability." *Bulletin of the Atomic Scientists*. 69:31. DOI: 10.1177/0096340213485946.

- Broaden public messages on export control and counterintelligence awareness to emphasize nonproliferation and the need to maintain a supply chain security culture.
- Help partners and sponsors adopt similar measures within their supply chains.
- Translate the indicators into metrics and report on our progress regularly.

PNNL is committed to measuring progress toward meeting these indicators and to work with others to grow and maintain a supply security culture.

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