DESCARTES™

Internal Compliance Programme Best Practices

7 Steps To Implementing A Successful Internal Compliance Programme

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Introduction

Effective internal compliance programmes (ICP) are essential for any organisation that wants to ensure compliance with relevant laws and regulations. There are several key best practices that organisations should follow when developing and implementing an internal compliance programme.

An internal compliance programme can cover a wide range of topics, including financial reporting, health and safety, data privacy, and anti-corruption.

Having an internal compliance programme is important for several reasons. Primarily, it helps organisations to comply with the law and avoid legal penalties. In many industries, non-compliance with regulations can result in fines, lawsuits, and even criminal charges. An internal compliance programme helps organisations to identify and address potential compliance issues before they become problems.

In addition to avoiding legal consequences, an internal compliance programme can also help organisations to protect their reputation. When an organisation is seen as compliant and ethical, it can build trust with stakeholders, including customers, suppliers, employees, contractors, investors, donors and regulators. This trust can be a significant asset, as it can lead to improved relationships and increased business opportunities.

An internal compliance programme can also have practical benefits for an organisation. By identifying and addressing compliance issues, an organisation can reduce the risk of costly errors and mistakes. This can help to improve efficiency and productivity, as well as reduce the likelihood of financial losses.

Overall, an internal compliance programme is an essential part of any organisation's risk management strategy. By putting policies and procedures in place to ensure compliance with relevant laws and regulations, organisations can protect themselves from legal consequences, maintain a good reputation, and improve their operations.

This guide covers:

- What is an Internal Compliance Programme and when do you need one?
- Why is an ICP important and why are they mandatory?
- Who is responsible for an ICP?
- What should a strong ICP include?
- Establishing clear policies and procedures
- What are dual-use goods
- Export screening procedure

- Denied party screening
- Should NGO's screen differently?
- Providing training and education
- Monitoring and auditing compliance
- Responding to and addressing compliance issues
- Whistleblower policy
- 7 Steps for successful ICP

When an organisation is seen as compliant and ethical, it can build trust with stakeholders, including customers, suppliers, employees, contractors, investors, donors and regulators.

What Is An Internal Compliance Programme (ICP), And When Do You Need One?

Internal Compliance Programmes (ICP) can be extremely broad covering a vast field of compliance areas. One arena for ICP that has moved more and more to the forefront of discussions describes the internal control measures required for monitoring international export and trade compliance i.e. aspects related to the sales and export of goods. The three key elements here relate :

- Denied party screening (i.e. ensuring that trading partners are not subject to sanctions or embargoes)

- Export controls (i.e. any restrictions for sale & export of goods due to control legislations & dual use considerations)

- Export classification (i.e. the correct classification of goods for the purpose of export/import declarations and documentation

- All trade-related ICP's serve as an in-house framework detailing such matters as the internal protocols and procedures put in place to deal with both requirements as well as the risks relating to export control. An ICP is always a custom process but follows key good-practice components.

This e-book will focus primarily on the question of Denied Party Screening and Export Controls – i.e. trade compliance as it relates to sanctions, embargoes and control legislation.

Though it is not always mandatory to have, an ICP will help an organisation avoid financial penalties and damage to their reputation.

Why Is An ICP Important And Are They Mandatory?

Some states require an ICP to be in place before they issue licences. Though it is not always mandatory to have, an ICP will help an organisation avoid financial penalties and damage to their reputation.

Why Export controls are needed

Collective & national security of the issuing country and its allies

Foreign policy requirements

International treaty obligations and commitments

Respective issuing country's non-proliferation policy

Concerns about terrorism or internal repression and other human rights violations

Most of the times, ICPs are deemed required to identify, manage and mitigate risks. Especially, associated with dual-use trade controls and to ensure compliance with the relevant EU, national and international laws and regulations. But ICPs, where correctly introduced and managed, also help streamline internal efforts, save operational costs and reduce time spent to perform required export control tasks.

Additionally, ICPs ensure that introductions to new markets and players (both demand and supply side) are adequately assessed to ensure required adherence to existing and changing regulations.

Finally, a good ICP provides a framework to perform necessary trade compliance related due diligence tasks during mergers & acquisitions.

In summary, the foundation of every trade compliance and export controls system are existing – and regularly amended – legal requirements. Organisations are required to adhere to these. The extent to which such control systems are formalized in an ICP and follow best practice recommendations is often a question of the company's risk appetite.

ICPs can help streamline internal efforts, save operational costs and reduce time spent to perform required export control tasks.

Who Is Responsible For An ICP?

Effective ICPs reflect a top-down process whereby the company's top-level management gives significance, legitimacy, and organisational, human and technical resources for the corporate compliance commitments and compliance culture.

European Union
Top-level management commitment aims to build compliance leadership (lead by example) and corporate compliance culture for dual-use trade control, management of export license requirements as well as adherence to embargoes, and mandated sanctions against individuals and organisations. There must be sufficient organisational, human and technical resources for the company's commitment to compliance. Within the organisational structure, the company needs to identify and appoint the person(s) with the overall responsibility to ensure corporate compliance commitments.

United States
The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) recommends that organisations designate a senior management official as the compliance officer with primary responsibility for implementing and managing the compliance programme. This individual should have the authority to oversee the compliance programme and to ensure that it is effectively implemented and maintained.

Germany
The Chief Export Control Officer is responsible for implementing the company's ICP. The nomination and appointment of a CECO is an essential prerequisite for companies when applying for a licence to export or transfer listed products.

Netherlands
A company's top-level management is responsible for promoting and ensuring compliance with the relevant legislation. Responsibility for export control must be embedded in the organisational structure, preferably in a specific department. One person should be given ultimate responsibility, preferably someone who has or who can gain sufficient knowledge of the subject to carry out the task properly.

United Kingdom
One individual should be acknowledged to hold overall responsibility for export control within a business, or an operating unit. This should be a Director, but he, or she, could delegate day-to-day responsibility to a named person within the organisation.

It is important for all employees to understand their obligations and to follow relevant policies and procedures.

Who Is Responsible For An ICP? (cont'd)

The items on the previous page are examples of recommendations for certain geographies and legislations. While they differ in certain aspects, the foundational best practice elements are:

- Top down process introduction and executive management support
- Independence of the compliance organisation (especially the "adjudication functions") from other parts of the operation
- Mandated reach of the compliance organisation and gate-control over the flow of funds, goods, services and information / IP as they relate to compliance questions
- Comprehensive breadth of the compliance processes spanning across the organisation and systems
- Continuous education of the compliance team and the broader organisation (as relevant to their respective roles)
- Capability to timely adapt to fast changing compliance regulations

The responsibility of making decisions could be overwhelming for an individual. Therefore, it is a good practice to set up a committee within your organisation to assist the individual responsible. The committee will collectively make decisions with individuals responsible for the ICP.

However, it is important to note that compliance with laws and regulations is the responsibility of the entire organisation, not just one person. The compliance officer may be the person with primary responsibility for managing compliance, but it is important for all employees to understand their obligations and to follow relevant policies and procedures. In addition, it is often helpful for organisations to have a team of compliance professionals who can work together to implement and manage the compliance programme.

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What Should A Strong ICP Include?
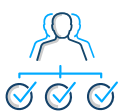
Management Commitment
Compliance should be a cultural factor within a company. This relies on the visible commitment of senior executives and management. Making required resources available and appointing a dedicated compliance officer forms an essential part of this.

Comprehensive & Timely Checks
A holistic compliance programme addresses potential exposure across the information- and supply chain. This includes sourcing, sales and aftermarket maintenance & support where applicable. It also includes the provision of information and IP/confidential information e.g. through educational sessions, support etc. To avoid wasted time in any part of the organisation, comprehensive ICPs initiate control checks as early as possible in an engagement and ensure consistent repeat checking against any potential change in legislations, sanctions and embargoes.

Screening And Checking
To ensure trade does not occur with individuals or entities on relevant restricted party lists, continue screening against all applicable, published entity lists. The same applies to checking business transactions regularly against applicable embargoes, product lists, and end-use restrictions and prohibitions.

Adjudication Process
To ensure the required segregation of duties on the one end, and the assessment of hits by compliance experts on the other end, an adjudication process that is separate from the actual compliance screening is required. This usually is best through the screening platform's functionality, ensuring escalation levels are consistently adhered to and resolution results or blockage decisions are adequately documented.

Recordkeeping
To support audits, identification of violations, and voluntary disclosures, records should be easily accessible to support efficient and effective audits. It is therefore vital to keep records of all checks that are relevant for export controls.

What Should A Strong ICP Include? (cont'd)

Written Policies
Defining and thoroughly documenting corporate policies on export controls is essential as part of an ICP. These also need to be communicated and repeated as necessary, which ties in with the requirements for training and awareness.

Self-Audits
To support the ongoing maintenance of a compliance programme and minimize the risk of violations coming to light during an external audit, a company should periodically perform their own internal audits.

Change Management
Internal Compliance Programmes must be configured to cater for changing policies, legislation, technologies, etc. An ICP must be robust and adaptable enough to deal with uncertainty and unpredictability.

Training & Awareness
To further support the cultural attitude towards compliance, regular employee training is of paramount importance to ensure all teams involved from offer to delivery are aware of their responsibilities and contribute accordingly.

Software Automation
Considering the significant volumes and frequent changes of export control regulations across the globe, automation of required checks delivers security and efficiency. read more about how to identify best in class export control compliance software which can go a long way to helping ensure success in terms of compliance effectiveness, return on investment and enabling global growth.

Comprehensive ICPs initiate control checks as early as possible in an engagement and ensure consistent repeat checking against any potential change in legislations, sanctions and embargoes.

Establishing Clear Policies and Procedures

Establishing clear policies and procedures is a crucial part of any internal compliance programme. These policies and procedures outline the steps that employees should take to ensure compliance with relevant laws and regulations, and they provide a framework for employees to follow in their day-to-day work.

There are several reasons why it is important for organisations to establish clear policies and procedures. First and foremost, they help to ensure that all employees are aware of their responsibilities and obligations with regard to compliance. By providing clear guidance on what is expected, organisations can reduce the risk of non-compliance and minimize the likelihood of legal consequences.

Clear policies and procedures also help to foster a culture of compliance within the organisation. By making compliance a top priority, organisations can create an environment in which employees are more likely to act ethically and follow the rules. This can help to protect the organisation's reputation and build trust with stakeholders.

In terms of developing and communicating these policies and procedures, there are a few key steps that organisations should follow. First, it is important to involve relevant stakeholders in the process, such as legal and compliance teams, HR, and business unit leaders. This will help to ensure that the policies and procedures are comprehensive and relevant to the organisation's specific needs.

Once the policies and procedures have been developed, they should be clearly communicated to all employees. This may involve distributing written copies, posting them on the company's internal website, or conducting training sessions to explain the policies in detail. It is also important to ensure that the policies and procedures are easily accessible to employees and that they are updated regularly to reflect any changes in the organisation's compliance obligations.

By establishing clear policies and procedures and communicating them effectively to employees, organisations can strengthen their internal compliance programme and reduce the risk of non-compliance.

What Are Dual-Use Goods?

Dual-use goods are products that can have both civilian and military applications. They are regulated by governments around the world due to the potential for these goods to be used for military purposes or to support the development of weapons of mass destruction.

Obvious examples of dual-use items include the following:

- Nuclear (complete nuclear reactors and parts thereof, and dual-use parts and materials)
- Chemicals (precursors for toxic chemical agents)
- Pathogens & toxins (viruses in the form of isolated live cultures, apart from vaccines)
- Navigation and avionics (accelerometers)
- Intangible technology associated with the design, production, or use of controlled goods is often also controlled
- Unmanned aerial vehicles and associated technology
- But there are sometimes also less obvious examples that can fall under export controls due to the potential dual-use. For example aluminium pipes and ball bearings of certain grades or even lipstick caps can in certain cases be considered dual-use.

EU Export Control legislation which was also retained in UK law under the EU (Withdrawal) Act 2018 is the Dual-Use Regulation which applies to the export, transit, and brokering of dual-use goods, as well as to the provision of related technical assistance and software.

Dual-use goods are listed on the EU Dual-Use List, which is a comprehensive list of items that are subject to the Dual-Use Regulation.

A licence is required to export controlled dual-use items from source countries to any overseas destinations. Licenses are often subject to end-user designation or capped volumes in defined time spans.

Managing the validity of export licenses is a critical process in any solid ICP. Companies must obtain an export license from the relevant national authorities before exporting dual-use goods to countries or end users that are subject to licensing requirements.

Companies that export dual-use goods must maintain records of their exports, including the type and quantity of goods exported, the destination and end user, and any licenses or exceptions that were used.

In the United States regulations around the export of dual-use goods are enforced through the Export Administration Regulations (EAR). This applies to the export, reexport, and in-country transfer of dual-use goods, as well as to the provision of related technical assistance and software.

Dual-use goods are listed on the Commerce Control List (CCL), which is a comprehensive list of items that are subject to the EAR. There are also licensing requirements for the export of dual-use goods to certain countries and end users, based on the destination, end use, and end-user of the goods.

In most cases, companies must obtain a license from the Department of Commerce's Bureau of Industry and Security (BIS) before exporting dual-use goods to countries or end users that are subject to licensing requirements. Companies must maintain records of their exports, including the type and quantity of goods exported, the destination and end user, and any licenses or exceptions that were used.

Export Screening Procedure

Software tools such as Descartes Visual Compliance can automate the export screening process and help to identify and manage potential compliance risks.

Here is a general overview of how the export screening process works using software:

- You input relevant information about the goods, software, or technology that you are exporting, such as the item's classification, destination, and end use.

- The software compares this information against various lists and databases of restricted items. Including ownership and control considerations to ensure identification of potential sanctioned parties in owning or controlling relationships to the engaged entity, even across multiple ownership layers.

- If the software determines that the goods, software, or technology may be subject to export controls, it will flag the transaction for further review.

- The company can then review the transaction to determine whether a license is required or whether an export license exception can be used.

- If a license is required, the company can use the software to prepare and submit the license application to the relevant government agency.

- Once the license has been approved, the company can use the software to track the progress of the transaction and ensure compliance with any conditions that may be attached to the license.

- By using software to automate the export screening process, companies can more efficiently manage their compliance risks and reduce the likelihood of exporting restricted goods, software, or technology. It is important for companies to regularly update their software to ensure that it is current and can accurately identify potential compliance risks.

- It is best practice to proactively validate whether your goods require a license by 'classifying' them in advance for Dual Use Goods or Military Lists. Companies should know the markets they are selling in and be able to perform a 'License Determination' task based on these selling markets and 'proactively' submit a license application with the authorities; depending on their order fulfilment timeline this may mean order delays if they are applying at the time of the order being placed as applications can take some time.

- Once you have your license in place, when an export shipment requires a license, a good export compliance software can allocate license quantities and or values automatically through its Export Documentation Manager
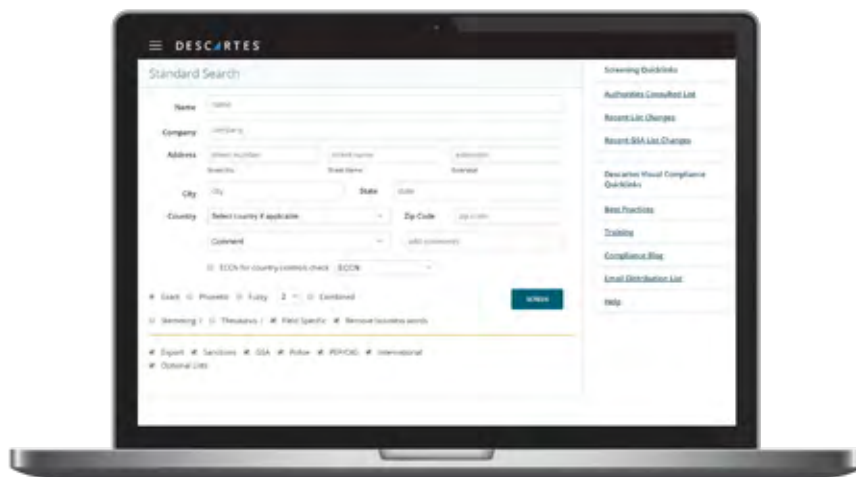
Denied Party Screening

Denied party screening refers to the process of comparing names of customers, business partners, employees, facility visitors, etc., against official watch lists of individuals and entities with whom it is illegal to do business. Denied party screening is a crucial element of most export compliance processes and can help maximize an organization's export compliance coverage and safeguard them against violations.

It is best practice to screen all the parties you engage with early so that you are not wasting time and resources. These include customers, consignees, end users and end use, suppliers and contractors.

The general process for Denied Party Screening using software solutions has to be differentiated in various usage scenarios:

Online / ad-hoc screening   Batch screening   Integrated screening

The following points are generic considerations that apply to all mentioned scenarios:

- Ensure the software solution is set to search against all lists that are relevant to your business. Skipping relevant lists poses a risk to your business. But including lists that are not of relevance to your business may only increase your false-positive rate, causing additional effort without value-add.

- Ensure that the search tuning options in the software solution are selected per your business risk profile and the quality of your search data. State of the art software solutions like Descartes' Visual Compliance offer several tuning alternatives that can intelligently tighten or widen the net per your business requirements.

- Ensure that you use as many as possible relevant data-points for a given search (e.g. name and address of business screened vs. only the name). The more data-points, the more focused will be the results, reducing the risk of false-positives.

- Ensure that an automatic daily rescreening (Dynamic Screening in Descartes' terminology) of your once screened business relationships occurs in the background to ensure proper notification should a previously cleared business relationship have become a sanctioned party in the meantime.

- Define and set-up the users and escalation levels for the adjudication workbench (Compliance Manager Workflow in Descartes' terminology) who will review potential hits and determine and documented for audit purposes the way forward on encountered hits.

The next question is when to consider which usage scenario.

- **Online / ad-hoc screening** is commonly considered in low-volume environments. Using a screening software, automates the search to cover multitudes of lists and search tuning rules and provides the results in split-seconds. Yet each search is a manual input. This makes it an easy to determine case if your business' search volume can be managed with this scenario.

- **Batch screening** is regularly used to do a first-time screening of existing business relationships that have not been screened before. This provides companies that either newly introduce or change the way they perform their ICP a way to cover large amounts of records in a time-effective manner.

- **Integrated screening** is recommended for large organizations that desire to move towards holistic best-practices, covering both different business processes as well as ensuring searches happen from within their existing workflows, e.g. in their CRM when engaging with prospects and customers, or within their ERP to ensure a customer is screened when e.g. a shipment is about to occur. Integrations are also used together with visitor management systems, HR systems or supplier management systems. The foundational idea is to move the act screening an integrated black-box process within existing workflows without forcing the user to leave their respective business system.

Should NGO's Screen Differently?

NGOs may face different compliance risks than commercial organisations due to their focus on humanitarian or development work, and may need to consider additional factors when screening exports. For example, NGOs may need to consider the potential impact of their exports on the local population or the environment, and may need to ensure that their exports do not support conflict or contribute to human rights abuses.

NGO funding and operations are almost entirely dependent on public and private subsidies. This means that the survival of NGOs depends entirely on their reputation and the protection of their donors' and collaborators' reputations. This means screening effectively and thoroughly is vitally more important for NGOs.

The same screening expectations would be expected from NGOs as other organisations, however, NGOs are more sensitive to a further three areas of risk. It is best practice for NGOs to utilise their screening for these three risks.

Employee Risk

The risk of placing someone in a position of power which they can abuse this means someone who can be either sanctioned / associated to a sanctioned party or be a politically exposed person or possibly on some terror list. Therefore, it is important to screen people thoroughly and regular employees to ensure the people in your organisation are fit and proper.

Donor and Recipients Risk

The risk that money or materials are not used for their intended purposes for example fraud, theft, or corruption. NGOs are vulnerable to terrorist financing and money laundering as either recipients or vessels to fund through. It is therefore vital for donors, partners and recipients to be screened.

Supplier Risk

This the risk that your suppliers haven't delivered goods for example aid, supplies etc. Screening should be carried out against all potential vendors against the anti-terrorism and sanctioned listings, for both individuals and organisations. This will help reduce the possibility of goods not being delivered and financial penalties.

NGOs may face different compliance risks than commercial organisations, and may need to consider additional factors when screening exports.

Providing Education and Training

Providing ongoing training and education to employees is an essential part of any internal compliance programme. By educating employees on compliance-related topics, organisations can ensure that they are aware of their responsibilities and obligations, and can reduce the risk of non-compliance.

There are several key reasons why providing ongoing training is important:

- It helps to ensure that employees are aware of relevant laws and regulations: By providing training on specific compliance topics, such as anti-corruption or data privacy, organisations can ensure that employees are aware of the rules that they need to follow.

- It fosters a culture of compliance: By making compliance a top priority and providing regular training, organisations can create an environment in which employees are more likely to act ethically and follow the rules. This can help to protect the organisation's reputation and build trust with stakeholders.

- It helps to identify and address potential issues: By providing employees with the knowledge and tools they need to identify and report potential compliance issues, organisations can more effectively address these issues and reduce the risk of non-compliance.

- To develop and deliver effective training programmes, there are a few key considerations that organisations should keep in mind:

  - Tailor the training to the specific needs of the organisation: Training should be relevant to the specific compliance risks and obligations that the organisation faces.

  - Make the training interactive and engaging: To ensure that employees are paying attention and retaining the information, training should be delivered in a way that is interactive and engaging.

  - Use a variety of delivery methods: Training can be delivered in a variety of formats, including in-person seminars, online courses, or self-study materials. Organisations should consider the best delivery method based on the needs and preferences of their employees.

  - Consider the language and cultural differences of your employees: If the organisation has employees who speak different languages or come from different cultural backgrounds, it is important to ensure that the training is delivered in a way that is accessible and meaningful to all employees. This may involve providing translated materials or delivering training in multiple languages.

  - Use real-life examples: Training is more effective when it is based on real-life scenarios that employees can relate to. Consider using case studies or examples from the organisation's own operations to illustrate the importance of compliance.

- Follow up with ongoing reinforcement: Training should not be a one-time event. It is important to follow up with ongoing reinforcement, such as reminding employees of key compliance principles or providing regular updates on new regulations or policies.

- Evaluate the effectiveness of the training: To ensure that the training is meeting its goals, it is important to evaluate its effectiveness. This can be done through surveys, focus groups, or other methods to gather feedback from employees. This can help to identify any areas where additional training may be needed and to make improvements to the training programme.

Monitoring And Auditing Compliance

A key component of a successful ICP is auditing. In order to assess the level of compliance, companies need to carry out an internal audit at least once a year, and preferably have periodic audits carried out by an independent external party.

There are several key reasons why monitoring and auditing compliance is important:

- It helps to identify potential risks: By regularly reviewing the organisation's compliance practices and procedures, it is possible to identify potential areas of risk and take corrective action to address them. These audits aim to establish whether export control is being properly implemented in accordance with the ICP. Part of the audit is to check whether the ICP is up to date and the company is still compliant.

- It promotes a culture of compliance: By demonstrating that compliance is a top priority and regularly reviewing compliance practices, organisations can foster a culture in which employees are more likely to act ethically and follow the rules.It helps to prevent non-compliance: By identifying and addressing potential compliance issues before they become major problems, organisations can reduce the risk of non-compliance and the associated legal and reputational risks. If it emerges from an audit that aspects of the ICP have been insufficiently or incorrectly implemented or safeguarded, the company must launch an improvement process. The process and its outcome should be reported to the top-level management.

- If an audit identifies a possible violation of export control laws or methods, the company can opt to report this to the relevant authority. Any changes made to working methods need to be recorded in the ICP. Revised versions of the ICP should be sent as soon as possible to all parties concerned.

There are several ways that organisations can conduct internal audits and use automated compliance tools to monitor and audit compliance:

- Conduct regular internal audits: Internal audits can be conducted by the organisation's own compliance team or by external consultants. These audits should review the organisation's compliance practices and procedures to identify any potential issues.

- Use automated compliance tools: There are a variety of software tools that can be used to automate the compliance process and help organisations identify and manage potential compliance risks. These tools may include automated screening tools, risk assessment tools, and incident management systems.

- Conduct periodic risk assessments: By regularly reviewing the organisation's operations and activities, it is possible to identify potential compliance risks and take appropriate action to mitigate them.
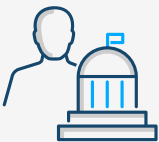
By identifying and addressing potential compliance issues before they become major problems, organisations can reduce the risk of non-compliance and the associated legal and reputational risks.

Responding To And Addressing Compliance Issues

Having a process in place for responding to and addressing compliance issues is an essential part of any internal compliance programme. By establishing a clear and effective process for addressing compliance issues, organisations can ensure that they are able to effectively identify and address potential problems and reduce the risk of non-compliance.

To establish an effective process for responding to compliance issues, organisations can consider the following guidance:

- Establish clear reporting channels: Organisations should establish clear channels for employees to report potential compliance issues, such as a hotline or an anonymous reporting system.

- Conduct prompt and thorough investigations: If a potential compliance issue is reported, it is important to conduct a prompt and thorough investigation to determine the nature and extent of the issue. This may involve collecting and reviewing relevant documents, interviewing employees, and conducting other fact-finding activities.

- Implement corrective actions: Once the investigation is complete, it is important to implement appropriate corrective actions to address the issue and prevent similar problems from occurring in the future. This may involve revising policies and procedures, disciplining employees, or taking other appropriate actions.

Whistle-Blower Policy

A whistle-blower policy is an important part of an internal compliance programme (ICP) because it provides a mechanism for employees to report potential compliance issues or concerns without fear of retaliation. By establishing a clear and effective whistle-blower policy, organisations can encourage employees to report potential problems and provide a means of addressing these issues.

To establish an effective whistle-blower policy, organisations should consider the following guidance:

- Establish clear reporting channels: This would be the same hotline or an anonymous reporting system, as for other compliance issues.

- Provide protection for whistle-blowers: Organisations should ensure that employees who report potential compliance issues are protected from retaliation or other negative consequences.

- Investigate reports promptly and thoroughly: If a potential compliance issue is reported, it is important to conduct a prompt and thorough investigation to determine the nature and extent of the issue.

- Take appropriate corrective action: Once the investigation is complete, it is important to implement appropriate corrective actions to address the issue and prevent similar problems from occurring in the future.

Organisations should establish clear channels for employees to report potential compliance issues, such as a hotline or an anonymous reporting system.

7 Steps For Implementing A Successful ICP

1. **Managerial Commitment**
   Secure senior management's support to ensure resources and time is available for the compliance programme.

2. **Organisation**
   A compliance committee needs a formal charter, designating the Chief Compliance Officer/ individual as the chair; outlining other members' roles and functions; and required meetings. These should include key stakeholders such as senior leaders, human resources, legal, information technology, finance, and procurement.

3. **Training**
   Anyone involved with export control should have sufficient knowledge of the field and this training should be provided regularly to keep up with changing requirements. The whole organisation has to be aware of export control requirements.

4. **Written Policies & Procdures**
   They help to form your organisation's culture, ensuring employees understand their role in achieving compliance goals. Most importantly, policies provide guidance on specific topics, with procedures instructing how the guidance should be followed to ensure compliance. These are essential for accountability and seeing where improvements can be made.

5. **Effective Screening and Classification**
   This means going beyond basic denied party / sanctions lists and following in-depth ownership chains and control aspects. On the trading partner side, it must include screening consignees, end users, suppliers to distributors across the supply chain. Here it is also important to screen early in the process so you are not spending time and money on dealing with an entity that you cannot work with. Accurately identify and classify the goods being dealt with will ensure compliance. For the actual traded goods and services, it needs to start with the correct classification of goods, considerations of use / dual use and corresponding export licensing requirements.

6. **Audits**
   Regular audits provide useful feedback on ICP if it is up-to-date due to rapid changes in regulations globally which means you could be non-compliant. Audits help a company identify weaknesses in regulatory compliance processes and create paths for improvement. The guidance provided by an audit can help reduce risk and avoid potential legal complications or penalties for noncompliance.

7. **Be Proactive**
   Implementing an ICP is just the first step. A proactive approach to compliance can help an organisation identify and address potential issues before they become problems, which can improve efficiency and reduce the cost of addressing problems after they occur and can also help an organisation create a culture of compliance.

Additional Resources

How Much Does A Denied Party Screening Solution Cost?

Top Red Flags to Look Out for When Selecting a Denied Party Screening Software Vendor

How to Identify a Best-In-Class Denied Party Screening Software

How to Effectively Compare Denied Party Screening Software Vendors

About Descartes Systems Group

Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses. Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community. Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at www.descartes.com and connect with us on LinkedIn and Twitter.

DESCARTES™ **Uniting the People & Technology That Move the World.**