

THE CHALLENGE OF NEW MARKETS

COMPLIANCE

Stephanie Keast

A woman with short blonde hair and glasses is smiling and looking towards the camera. She is wearing a light-colored button-down shirt. In the background, a man in a light-colored shirt is leaning over a desk, and another woman is partially visible on the left. The scene is set in a modern office environment with warm lighting. A dark purple horizontal bar is overlaid on the left side of the image, containing the word 'INTRODUCTION' in white capital letters.

INTRODUCTION

STEPHANIE KEAST

Global Procurement specialist, business coach & consultant
Developing & working with complex supply chain solutions for
multiple markets

More than 20 years of managing and
building businesses:

- Strategic sourcing & building end-to-end global supply chains
- Retail and wholesale sales development
- Brand and marketing campaigns
- CSR and sustainability programmes
- Business Coaching and Consulting





Soul of Africa - creating sustainable employment and raising funds for AIDS Orphans and Vulnerable children.

Working with Compliance teams within Major Retailers

Create CSR campaigns to raise funds

Raised over \$2 Million Dollars for Aids Affected Orphans and Vulnerable Children



Global Category Manager – Promo & Quality

ADARE

HARMONISE YOUR MARKETING

We help brands connect with their customers, creatively and effectively, in a multi-channel world

- Adare has offices in 40 countries and ships and delivers to over 100 more, working with a network of 2,500 trusted suppliers spanning the globe.
- Adare has global contracts with multiple major brands to supply Print, POSM and Promotional merchandise

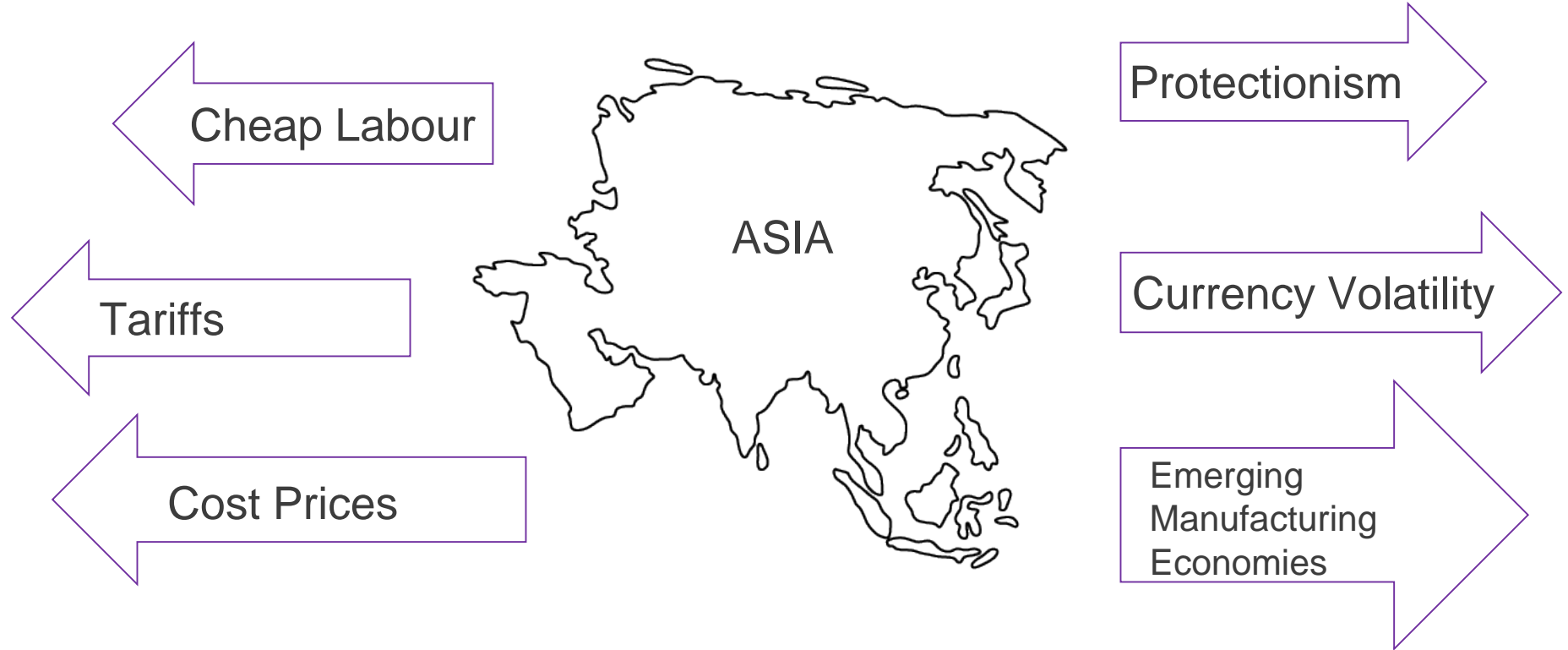


An aerial photograph of a city skyline at night, featuring numerous skyscrapers and illuminated streets. A semi-transparent blue rectangular overlay covers the left side of the image, serving as a background for the title text.

THE SOURCING LANDSCAPE

ADARE

Where is Sourcing Going?



New markets = New Risks

Entering new markets requires:

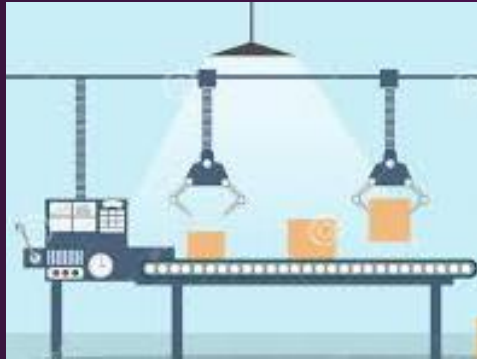
- Understanding & adapting to local laws and culture
 - Engaging with state-owned entities
 - Market economics
 - Language barriersall of which can present financial, regulatory, and legal risks.
- New supplier relationships
 - Quality
 - Trust
 - Relevance

Not only must suppliers meet requirements such as;

Quality



Capacity



Price



Delivery



They now must meet all relevant Compliance requirements.

An aerial, high-angle photograph of a large, open public space, likely a plaza or park, filled with many people walking. The ground is paved with large, light-colored tiles. A semi-transparent purple rectangular overlay is positioned horizontally across the middle of the image, containing the text "WHAT IS 'COMPLIANCE'?" in white, bold, sans-serif capital letters.

WHAT IS "COMPLIANCE"?

What is Compliance?

Managing the risks within your Supply Chain:

- Legal & regulatory
- Quality (i.e. product related)
- Socio-ethical (supplier practices)

What is Ethical Compliance or Responsible Sourcing?

An investigation into how well (or poorly) a company conforms to the ethical standards of its industry or society in general.

A verifiable Process to:

Understand

Measure

Report On

Help Improve

an organization's social and environmental performance

For the Customer - 'Independent assessment' of a supplier's performance and compliance against all applicable laws and regulations.

For the Supplier – Assessment gives a detailed and comprehensive report of where their company is currently at and highlights the areas they are doing well and where improvements need to be made. It is a continual journey.

Why do companies need Ethical Compliance?

No Longer and Optional 'Feel-Good' PR tool

Consumers are Demanding Transparency

Social Accountability

Environmental Accountability

Effects on the Brand

Ensure better Product Quality

Foster consumer loyalty

Emphasizes good corporate citizenship

Protect their Brand Name and values.

Incorporating sustainability into a company's supply chain is complex but the failure to act may be the biggest risk of all.



Bangladesh 2013,
Factory Collapse –
1127 Dead!

Examples of Headlines re Child Labour or Slave like Practices

H&M factories in Myanmar employed 14-year-old workers.



The Guardian, 2016

ZARA'S BRAZILIAN FACTORIES ACCUSED
OF CHILD LABOR AND UNFAIR LABOR
PRACTICES



Fashionista, 2011

Child labour: Primark caught out



The Guardian, 2008



GETTING IT RIGHT

ADARE.

Challenges creating compliant supply chains in new markets

1. Suppliers differ in size and operation
2. Usually with specific needs and values
3. The Manufacturers importance to the buyer
4. The Buyers importance to the Manufacturer.
5. Supply chains are dynamic, and are prone to changes and adaptation over a long period of time.


How to cultivate a culture of compliance

1. Compliance by Design

- Consistency
 - Policies
 - Consistent for ALL
- Approach
 - The bar should be set by the highest standard requirements not the lowest
- Internal & external messaging & communication

How to cultivate a compliant supply chain

2. Compliance Cycle



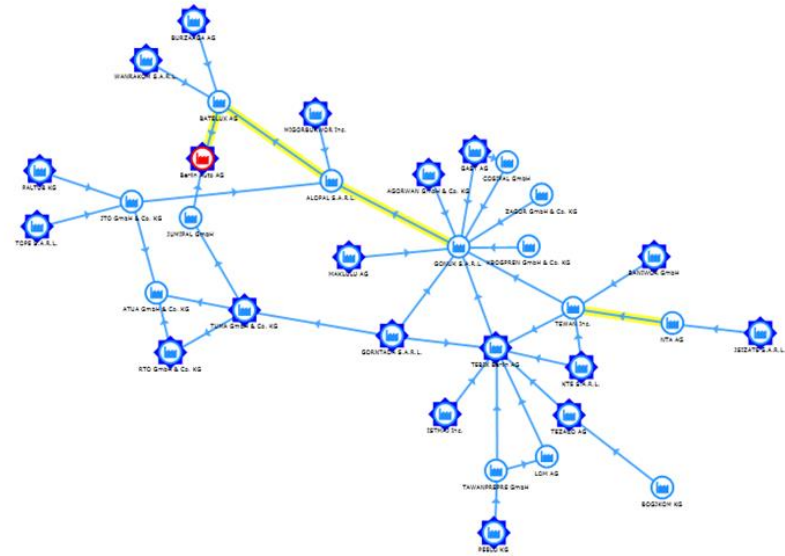
Map your
supply Chain

A. Understanding the risks and opportunities in your supply chains

- Mapping supply chains
- Evaluating the risk hotspots
- Identifying opportunities

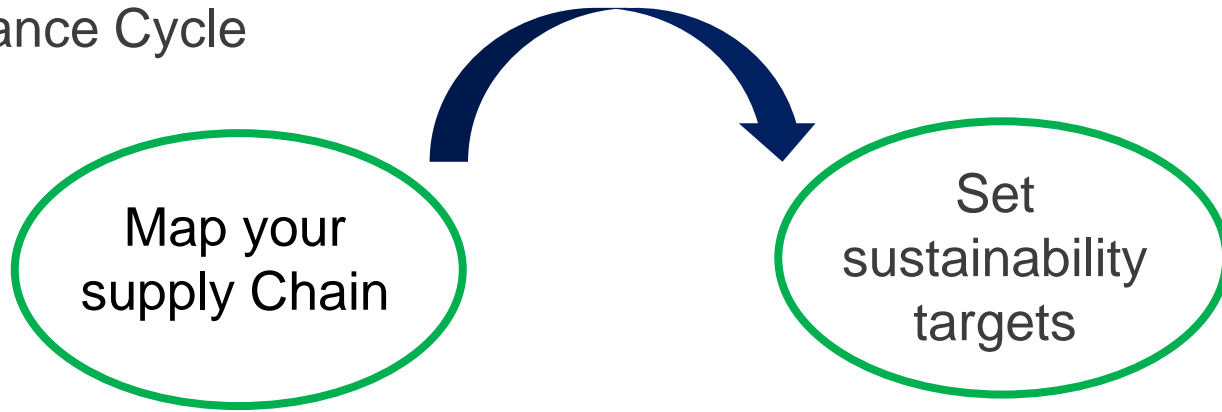
The focus should then be on the biggest priorities

Don't try and tackle everything at once but do the things that are important and will have the most impact in a reasonable timeframe



How to cultivate a compliant supply chain

2. Compliance Cycle



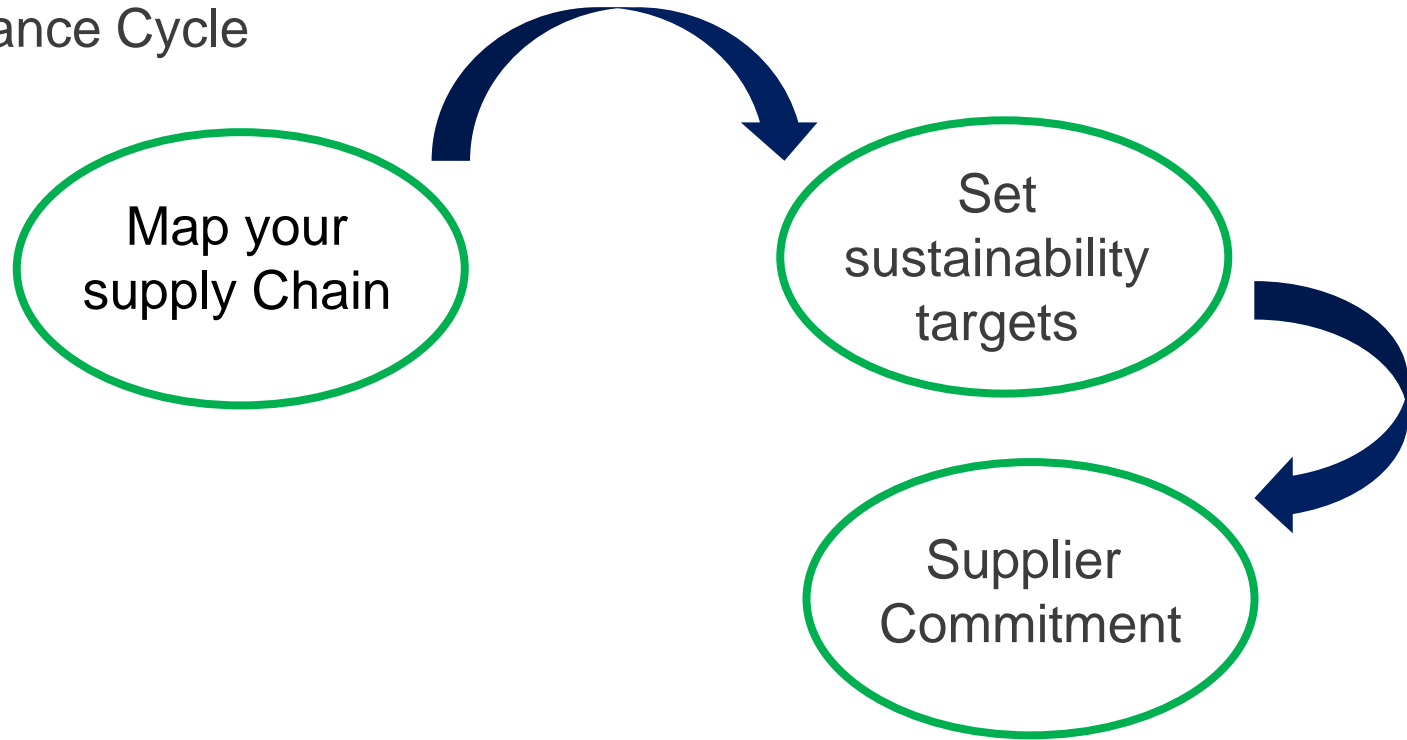
B. Setting sustainability targets within the procurement process

- Sustainability targets
- Setting effective targets
- Procurement teams Involvement
- SMART goals
- Time



How to cultivate a compliant supply chain

2. Compliance Cycle



C. Supplier commitment - Audit

Audits are a catalyst for Positive Change

Improving working conditions



Improving Health and Safety



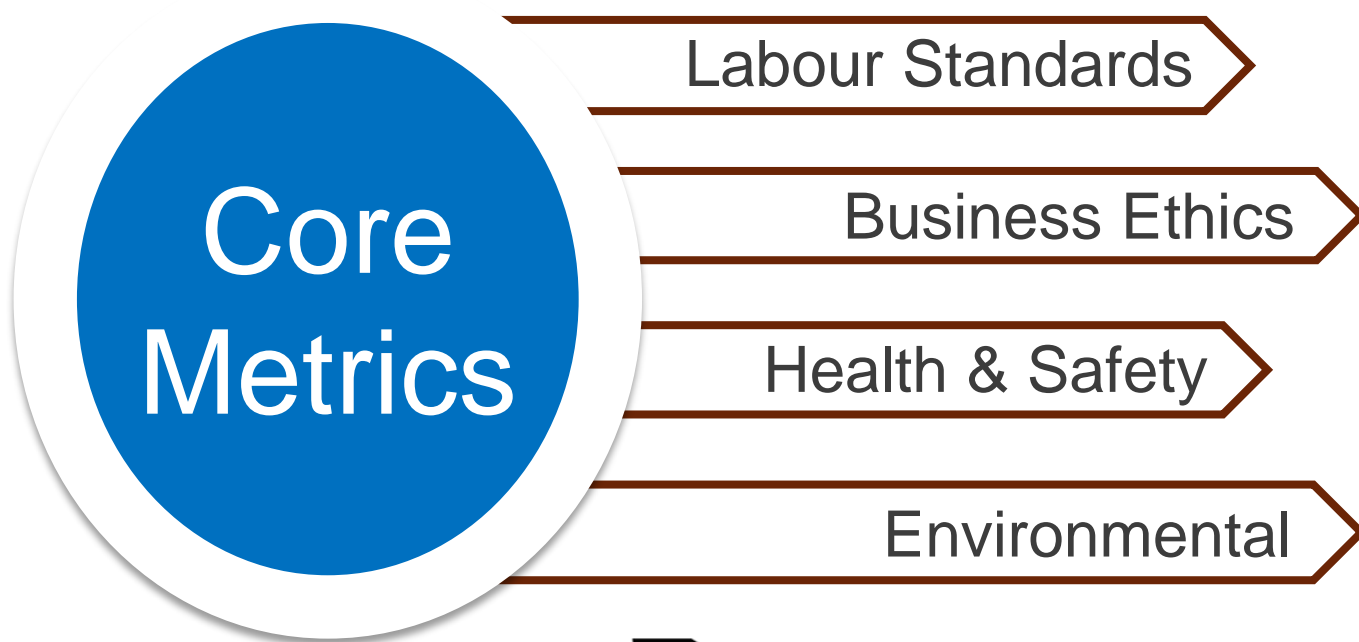
Environmental Sustainability



Anti-corruption and Bribery



Audits provide crucial information on 4 key areas within a suppliers business



ecovadis

Sedex

SMETA

 **BSCI**
Business Social Compliance Initiative

amfori  **BSCI**
Trade with purpose

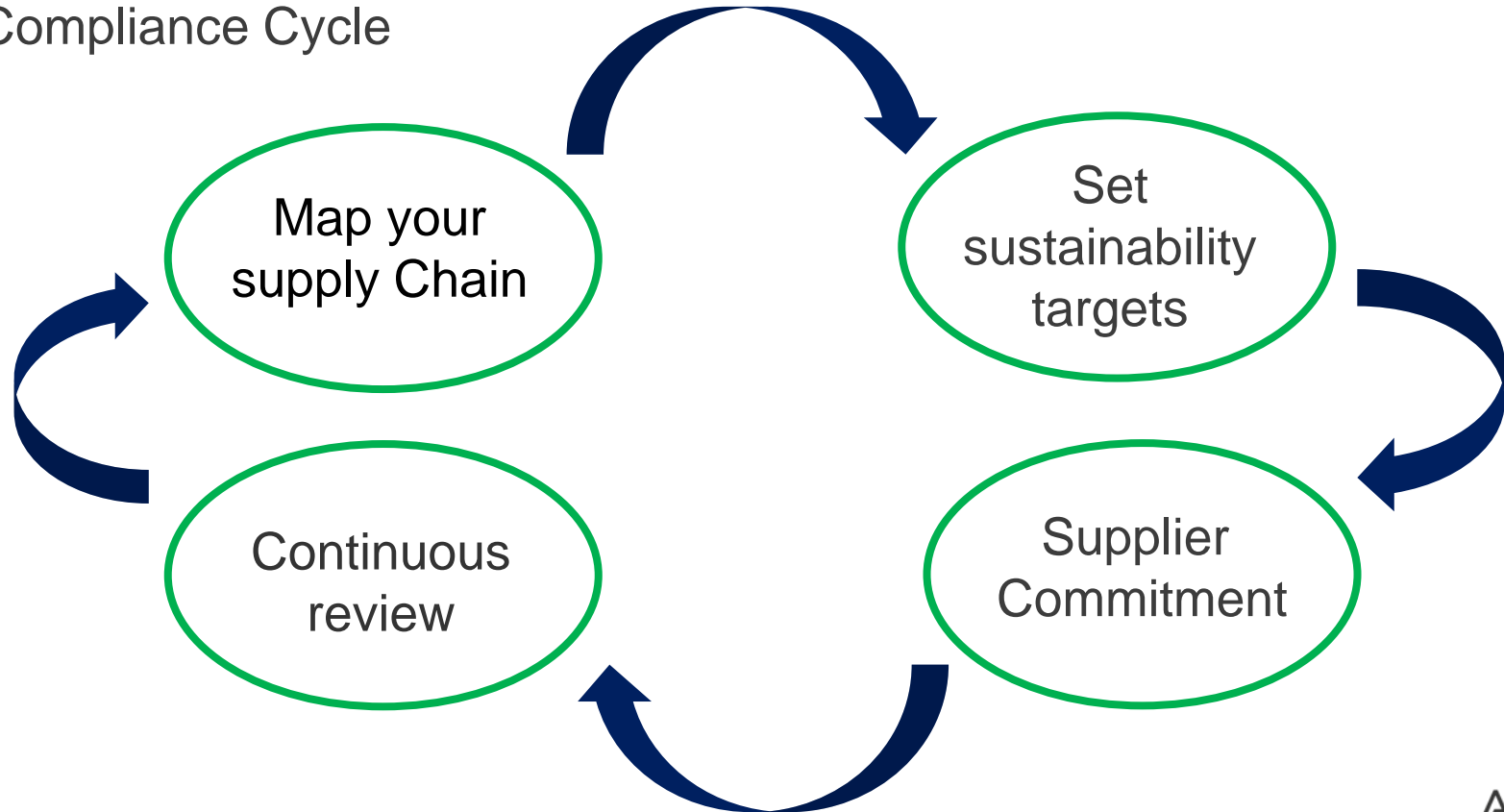
Other Alternative Options to look for

www.aim-progress.com



How to cultivate a compliant supply chain

2. Compliance Cycle



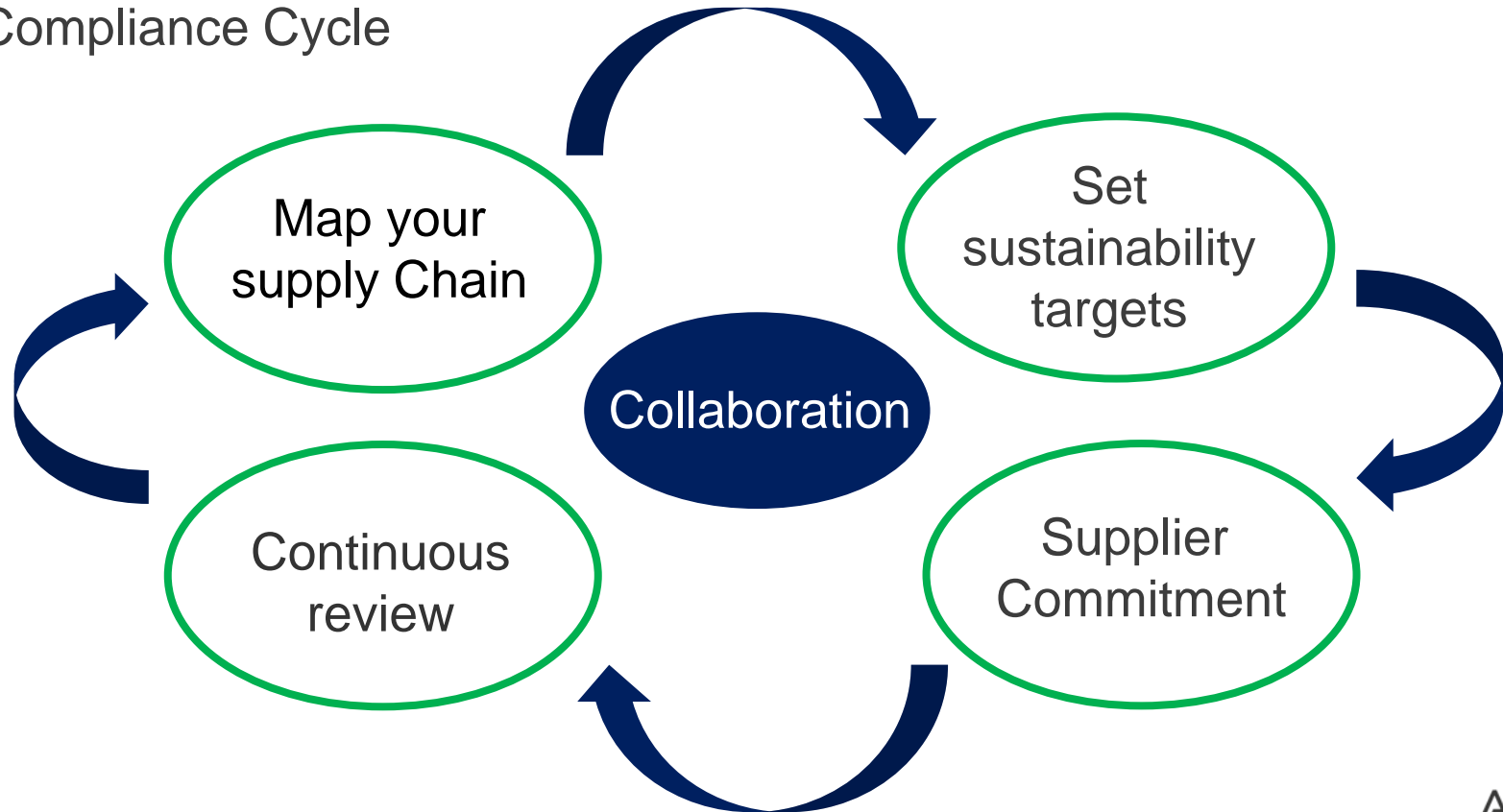
3. Continuously Review



- Incorporate Compliance standards within the contract.
- Continuous review
- Take corrective action where necessary
- Regular audits can help decrease non-compliances over time

How to cultivate a compliant supply chain

2. Compliance Cycle



4. Collaboration is Key!

- Discuss
- Work together
- Develop a competitive edge
- Sharing audits with peer group companies
- Don't feel that you need to re-invent the wheel



WHY COMPLY:

- PROTECTION
 - People
 - Customers
 - Brand
- LONG TERM SUSTAINABILITY
 - New market success
 - Loyal suppliers
 - Secure supply

Steps to a compliant supply chain:

- Map your Suppliers
- Set Your Sustainability Requirements
- Communicate your expectations to your supplier
- Baseline suppliers Performance
- Audit (existing or new)
- Assess any non compliance issues
- Continually work together to improve

In Summary

- Companies who engage with stakeholders along their supply chain are able to realize competitive advantage.
- Audits improve business relationships
- Audits are a catalyst for driving positive and sustainable change in global supply chains.
- Audits do not fix all the issues, but they are a way to objectively measure risks and foster dialogue between buyers and suppliers.
- Audits start a positive conversation and assist you in your vision of creating a socially responsible supply chain.

The background is a dark purple gradient with a network of white lines and dots. The lines connect various points, creating a web-like structure. The dots are small and white, serving as nodes in the network. The overall effect is a modern, technological, and interconnected look.

THANK YOU