

The Credit & Compliance Team Partnership: A Game Plan for Success



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✓ Compliance and Ethics

- Company Values
- Code of Conduct
- Anti-Corruption Programs – OECD and U.S. Foreign Corrupt Practices Act
- Trade Compliance Program – monitoring, audit and procedures compliance

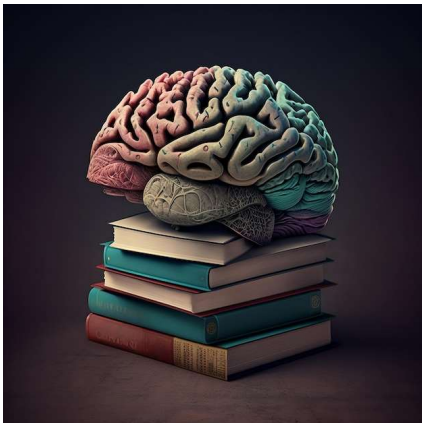
“The clear message for the successful global company is that with power comes responsibility and the privilege of access to the global market brings with it the responsibility to assume high standards of ethical business conduct”.

http://ir.baesystems.com/investors/storage/woolf_report_2008.pdf

The Woolf Committee Report, “Ethical Business Conduct in BAE Systems plc – the way forward”, May 2008

Source: CMS legal “Anti bribery and Corruption laws - An international Report -August 2011

Knowledge in Export Compliance



Definition of knowledge:

Knowledge of a circumstance (the term may be a variant, such as “know,” “reason to know”, or “reason to believe”) includes not only positive knowledge that the circumstance exists or is substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence. Such awareness is inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person's willful avoidance of facts.

“You are accountable for the knowledge you have in the norm course of business, both stated and implied”

A corporate compliance policy no longer viewed as a barrier to trade. It is now an essential tool in global trade

Ignorance is not a mitigating circumstance!



All companies are subject to anti-corruption laws of other nations

- U.S registered companies are subject to U.S Foreign Corrupt Practices Act (FCPA) and UK Bribery act along with many others, including EU regulations, OFAC etc
- Companies must also address issues such as , Customs/Export regulations/Anti-boycott and others, including “Denied Parties” embargoed countries, etc
- Denied party screening and global trade compliance has never been more business critical.
- Transacting with a new customer, supplier, or partner without the right processes in place to screen them against global sanctions is all it takes to make an unforced error that can quickly create significant issues for your business.

Non Compliance fines are heavy!

Office of Foreign Assets Control (OFAC) fines and penalties

- 2023 \$ 1,541,380,594
- 2022 \$42,664,006
- 2021 \$20,896,739
- 2020 \$23,565,657
- 2019 \$1,289,027,059

Standards & Controls, Training & Communication, Monitoring, Auditing & Response

- Internal Controls - Accurate Bookkeeping & Records
 Accounting Standards
- Education & Training - In Person
 - Online Training
 - Directors/Officers & Employees Certified
- Reporting Mechanism - Red Flags Identified
 - Whistleblowing
 - External Support



Areas of Compliance Vulnerability



Key Vulnerabilities

- Lack of a clear corporate governance message
- Export compliance function perceived as administrative
- Insufficient resource commitment
- Outdated policies and procedures
- Theoretical training without practical application
- Compliance audits perceived negatively instead of assessments

Collaboration and Accountability

Subscribe to "Restricted Party Screening" tools...

COMMERCE RESTRICTED LISTS

- Denied Parties
- Entity List
- Military end users/ end uses list
- Unverified List
- Antiboycott List

OFAC Restricted List

- Specially Designated National List (SDN)
- 50% Rule



Practices of KYC

COLLABORATION WITHIN THE ORGANIZATION

- Trade Compliance
- Finance
- Product Development
- Sales/Marketing
- Supply Chain
- Logistics
- Legal



Ensuring Accountability

- Establish a "Compliance Point of Contact."
- Keep branch offices up to date on regulatory changes
- Comprehensive compliance letter of engagement with contractual resellers
- Continual training and assessments

COMMON SENSE AND INSTINCT
"THE NIGGLE EFFECT"

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- Your “gut” feeling. When in doubt...check it out!
- Stay informed, stay vigilant and ensure compliance at all levels