



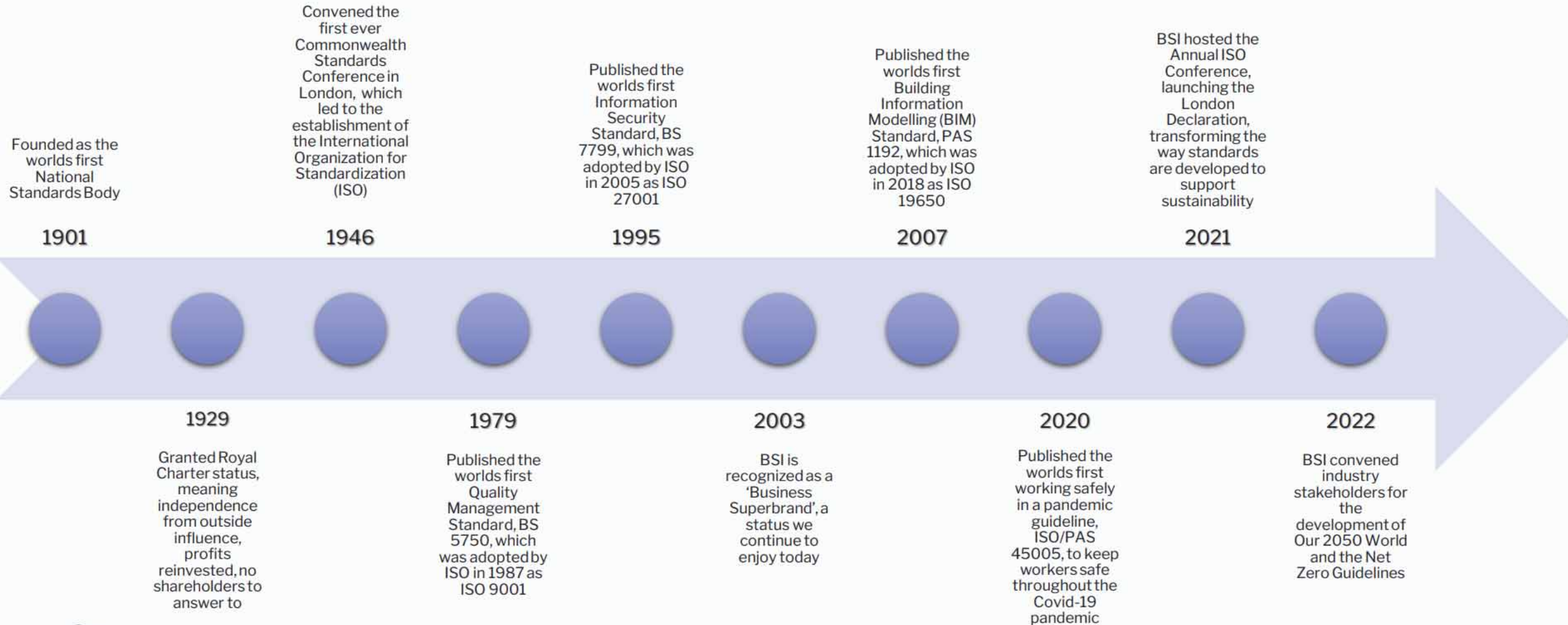
# Harmonization of Supplier Management Controls to Reduce Business Risk

Supply Chain Security Summit

30 November 2023



# Our History



# Harmonization Examples

Everyday items we use that have benefited from the harmonization of standards

Identification, payment and  
access cards  
ISO 7810



Freight containers  
ISO 668



Medical devices  
ISO 13485



Currency codes  
ISO 4217



# Standards Hierarchy



# Types of Harmonized Standards

Standards all have the same basic purpose of setting out agreed principles or criteria, so that their users can make reliable assumptions about a particular product, risk, service or practice. In some standards, the type of agreement essentially amounts to advice and guidance; others are much more prescriptive and set out absolute requirements that must be met, if a user wishes to make a claim of compliance with the standard.

## Standards

### Specifications

Provides a set of objectively verifiable, non-negotiable requirements for products, services or systems. This might be used to state the performance criteria of a product, or fundamental elements of a service or management system.

### Management System

Sets out a model to follow when setting up and operating a management system. It is written in the style of a specification. The structure of international management system standards follows the structure provided by the International Standards Organization (ISO)

### Vocabularies

Lists terms and definitions, ensuring that multiple parties in each sector, field or discipline can communicate effectively because they have a shared understanding of common terms.

### Classifications

Orders items or provides a grading system for use in a particular sector, field or discipline.

### Code of Practice

Gives recommendations for accepted good practice as followed by competent and conscientious practitioners. They are drafted to incorporate a degree of flexibility in application, while offering reliable indicative benchmarks

### Guide

Gives broad and general information about a subject, with background information where appropriate

### Test Method

Sets out detailed procedures for performing an activity, highly prescriptive, setting out an agreed way of measuring, testing or specifying what is reliably repeatable in different circumstances and places, wherever it needs to be applied.

# Convening Process

- BSI formalizes the scope of the standard and is responsible for developing the steering group.
- Once the steering group has finalized its initial contribution, we provide editorial input, and then circulate the first draft to a wider review panel, including government departments, relevant trade and industry associations, and consumer groups.
- We collate all the review panel's comments and report back to the steering group, who decide which ones should be incorporated into the specification.
- Then we give final editorial consultancy, and it's ready to be published. The standard has all the credibility that comes from going through a rigorous process which is overseen by BSI.



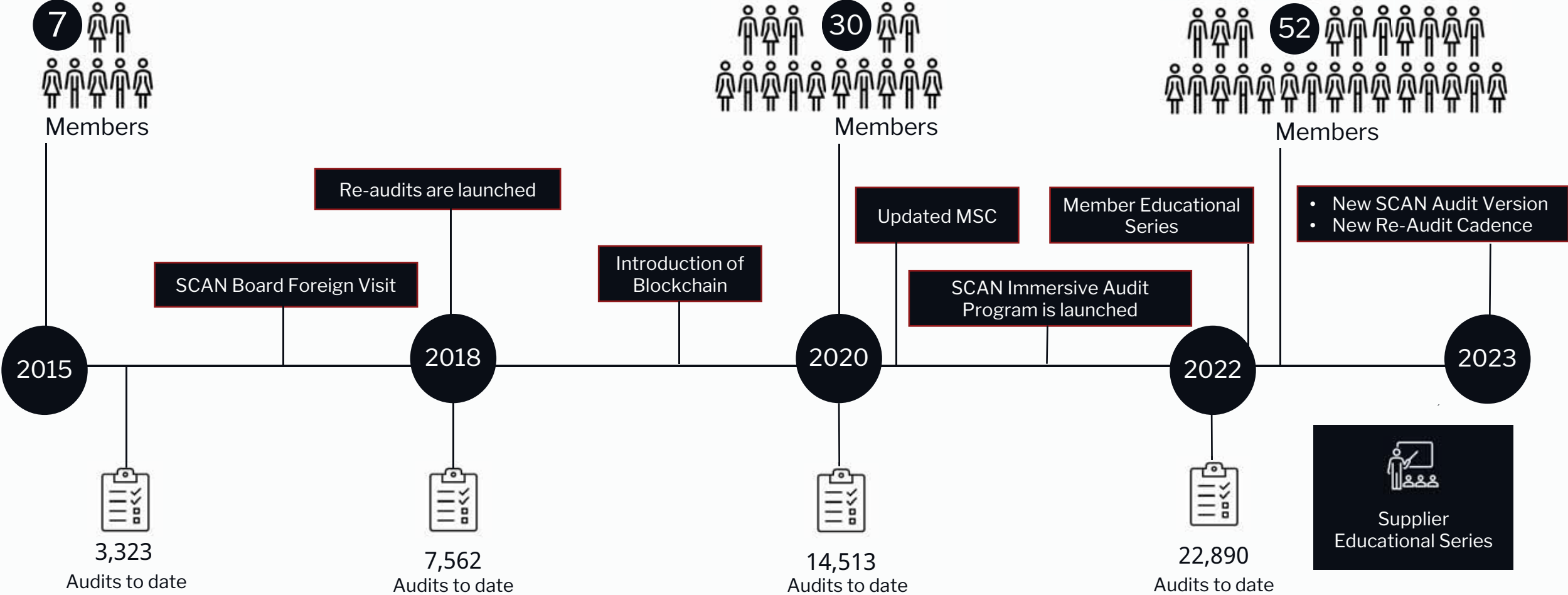
# Supplier Community Example

The Customs-Trade Partnership Against Terrorism (CTPAT) is a voluntary program led by U.S. Customs and Border Protection (CBP). It was created in the aftermath of the terrorist attacks on September 11, 2001, as a part of the U.S. government's efforts to enhance national security and protect the international supply chain.

Organizations throughout the U.S. conducted CTPAT audits of their global suppliers resulting in a significant number of redundant audits, where a single supplier was receiving numerous audits against the same requirements, resulting in audit fatigue. Additional issues related to the inconsistencies of CTPAT audits, resulting in vulnerabilities in supply chain security risks.

Fast forward to 2015, where several U.S. retailers got together to discuss this common issue, with a goal of removing redundant CTPAT audits of their suppliers, while proactively addressing the inconsistencies of audits.

# Supplier Compliance Audit Network (SCAN)





# SCAN Community Growth (2015 - 2022)

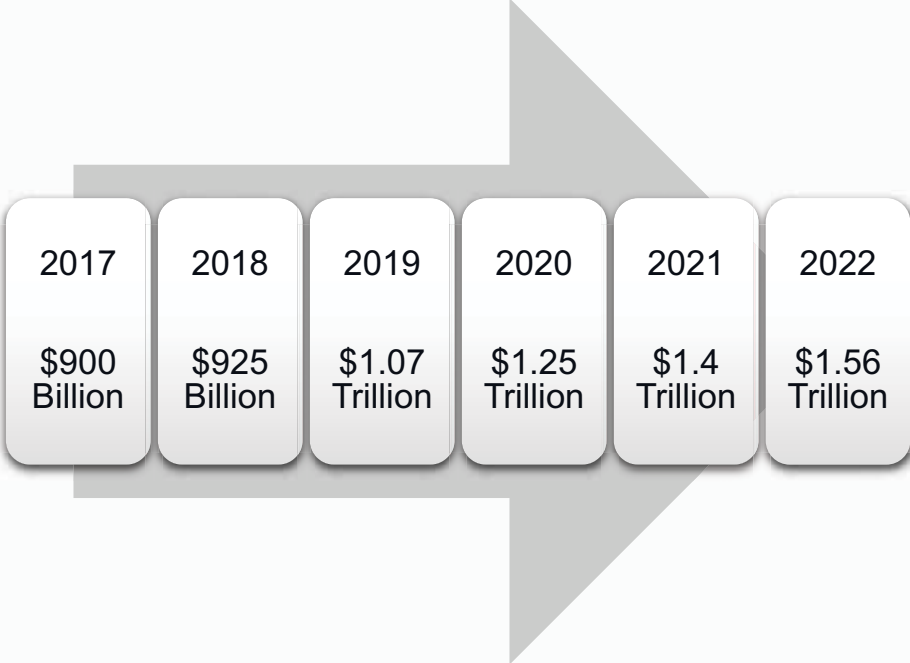
The Supplier Compliance Audit Network (SCAN) is a not-for-profit corporation, an industry trade association, that provides a systematic approach whereby mutually acceptable global compliance standards are achieved in reducing audit and operational redundancy for common supply chain stakeholders while maintaining confidentiality.

The initiative has successfully enabled network members to share audit findings and limit redundant audits, resulting in effective risk management, cost savings, and process efficiencies for both members and suppliers.

Embracing innovative methods has helped SCAN Members reduce their carbon footprint with the audit reduction generated.

- Conducted 22,890 audits since program inception thru December 2022
- 52 Member companies; 23,412 factories in the SCAN Audit Repository
- 11,421 unique factories audited, 82 countries
- Percentage of shared audits 51.4% & Percentage of shared factories 22%
- SCAN's Audits Growth year over year:

Combined Annual Revenue of SCAN Members



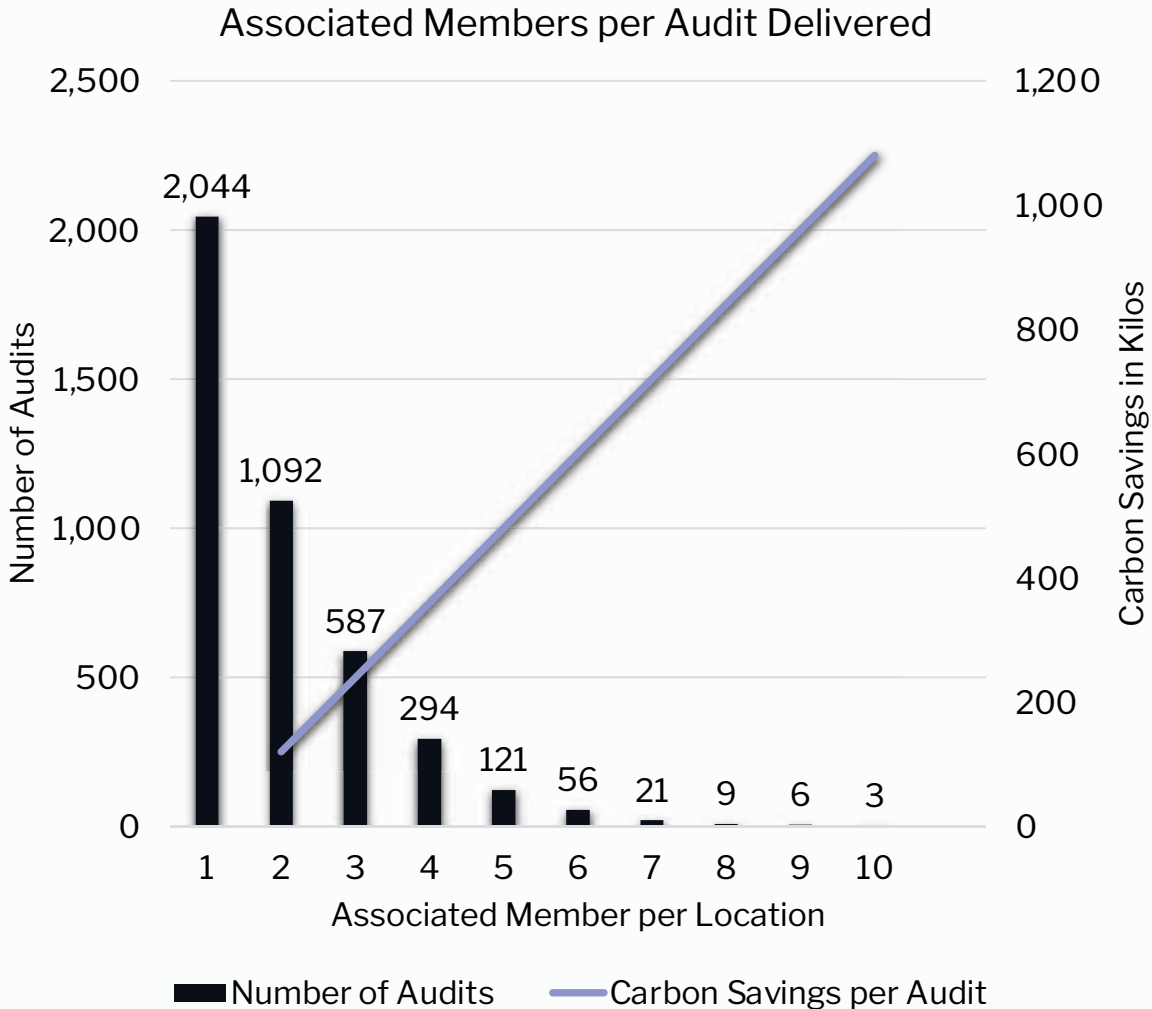
# SCAN Community Shared Impact 2022

### Audit Savings

- Members benefiting from shared audits 88% (46)
- Audits with 2+ associated members 49% (2,189)
- Total saved audits 6,905
- Total cost savings (\$1,120 per audit) \$7M+

### CO2 Savings (*approximations*)

- CO2 per audit 120 kilos
- Total CO2 savings 501.1 metric tons



# SCAN Community Approved Delivery Partners



Authorized  
Audit Service  
Providers



Annually trained SCAN  
auditors through  
SCAN's proprietary  
e-Training

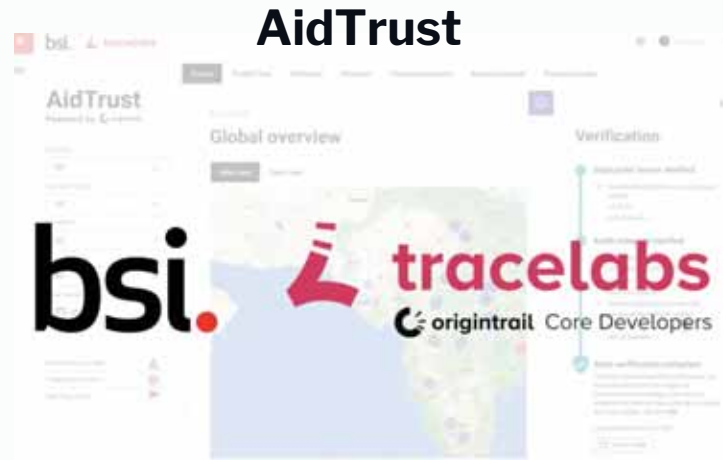


Set (inclusive)  
audit fees



Immersive audit  
capabilities

# Additional Examples



- Community based strategy – 58 members
- \$1.56 trillion combined annual revenue
- SCAN Board of Directors formed
- 11,000+ supplier sites audited in 82 countries
- 22,000+ audits completed
- 51.4% reduction in audit fatigue
- Current focus – supply chain security
- Future opportunities – ESG, GHG reporting, etc.

- Sector focused strategy
- Strategic partnership – tracelabs
- Global industry risk
- Trust and transparency
- Program design and management

- Sector focused strategy
- Private standard development
- Assessment verification
- Training opportunities



# Thank You

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