

NAVEX™

NAVEX Customer Success Story

A Luxury Fashion Accessories Manufacturer Streamlines Compliance with Conflict Minerals



Highlights



INDUSTRY

Luxury Fashion Accessories Manufacturer and Retailer



CHALLENGE

Comply with Dodd-Frank Section 1502 and similar international regulations



SOLUTION

Compliance and Audit Management

Solution

SINGLE-PRODUCT

NAVEX IRM

INTEGRATED RISK MANAGEMENT

Managing Compliance and Audits with NAVEX IRM

- Centralize policies, procedures and regulations in one interconnected database
- Assess suppliers using streamlined questionnaires and automation
- Manage internal controls with the ability to identify duplicate and ineffective controls
- Investigate, document and manage risks, compliance violations and incidents
- Prove compliance with a defensible record showing who, when, how and why
- Define audit scope, including tasks, schedule and assign stakeholders
- Streamline collaboration and documentation required for internal/external audits

To learn more about NAVEX IRM® solutions or to schedule a demo, please visit www.navex.com or call us at

+1 866 297 0224.

GRC Platform Saves the Company From Incurring Millions in Compliance and Audit Costs

Companies that source raw materials around the world to manufacture products may be unaware of or disregard the materials country of origin. It is a concern when minerals are mined in war-torn regions with profits going to fund warring factions.

Additionally, companies are often removed from mineral sourcing as suppliers typically manage that process. Given a company may work with hundreds or thousands of suppliers, it is difficult to know which, if any, are sourcing conflict minerals.

Dodd-Frank Section 1502 addresses the issue of minerals mined in areas of the world under heavy conflict from armies and militias such as the Democratic Republic of Congo in Central Africa. There is a sizeable global market for these minerals, as they are used in consumer electronics, as well as dyes, fasteners, accessories and other manufactured goods. Section 1502 requires public companies to disclose annually whether these conflict minerals exist in their supply chains. If so, companies must report on due diligence efforts and conduct a private sector audit.

For a luxury fashion accessories manufacturer and retailer with over 1,000 suppliers around the world, meeting compliance and audit requirements mandated by Section 1502 would cost around \$3.5 million annually and take six to 12 months to complete.

The challenge for the manufacturer/retailer is two-fold: one, compliance and audit challenges with meeting 1502 requirements. Two, public pressure on organizations for transparency.

NAVEX's GRC Platform for Dodd-Frank 1502 Compliance

The manufacturer and retailer selected NAVEX's governance, risk management, compliance (GRC) platform, NAVEX IRM, to bring efficiency and cost savings to its Dodd-Frank 1502 compliance effort. The company's conflict minerals compliance program was up and running in just six weeks.

One of the major 1502 compliance challenges is sending, receiving and scoring the Reasonable Country of Origin Inquiry (RCOI) survey to suppliers on their use of conflict minerals. The company's compliance team was able to use NAVEX IRM to bulk distribute a multilingual assessment to 1,000 suppliers in minutes. Completed assessments were received and automatically scored in NAVEX IRM, which avails the team more time for risk strategy. Applying a manual assessment process to the RCOI survey, along with data collection and supplier analyses, would have cost the fashion retailer \$3.5 million annually.

NAVEX IRM

INTEGRATED RISK MANAGEMENT

Integrated Risk Management

Integrated Risk Management (IRM) is the collection of practices and processes that offer businesses a comprehensive view of how they identify, assess and prioritize risk throughout their organization. NAVEX IRM, a GRC and Integrated Risk Management solution from NAVEX, equips users and business leaders to manage risk from the endpoint to the enterprise.

NAVEX IRM's integrated risk management capabilities address eight business use cases:

- Compliance and policy management
- Vendor risk management
- IT risk management
- Continuous monitoring
- Business continuity management
- Operational risk management
- Audit management
- Health and safety management

Remediate Findings and Disclose in SEC Report

After answers on supplier assessments are scored, any findings are singled out for remediation while high-risk suppliers are assessed more frequently. NAVEX IRM enables the company the flexibility to establish the threshold for risk beyond compliance requirements.

In its SEC report disclosing conflict minerals in the supply chain, the manufacturer and retailer can leverage NAVEX IRM's capabilities to report on suppliers. In that year, the company concluded that only one smelter was identified as sourcing from conflict regions. Further investigation determined the smelter was certified as a Conflict-Free Smelter.

For reports to company management, NAVEX IRM users can create custom reports detailing baselines, risk metrics, comparative benchmarks and more. Access to real-time data leads to data-driven decisions.

Making Audits Efficient

Per the SEC Report, the manufacturer and retailer must include documentation that an independent private sector audit was conducted. Often, external audits can disrupt workflows, causing employees to spend hours collecting resources in preparation.

With NAVEX IRM, audits are streamlined and efficient. All documents are centrally located, making them easy to find and present to external auditors. Ultimately, this reduces time and expenses with a company audit.

Results: Lower Compliance Costs & Time Savings

The manufacturer and retailer was on track to spend millions on complying with Dodd-Frank Section 1502 and even despite the high cost, the timetable for compliance, six to 12 months, would result in a never-ending compliance cycle. The company chose a different path - NAVEX IRM.

Using NAVEX IRM, the fashion manufacturer/retailer saves up to \$3.7 million in annual compliance costs. Instead of taking months, the entire process is streamlined and efficient. Activities like distributing the RCOI survey can be accomplished in minutes, not weeks. In addition to saving time and regulatory costs, NAVEX IRM helped the luxury brand avoid impacts to supply chain, bottom line implications, and harm to their internationally known brand.

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NAVEX is the worldwide leader in integrated risk and compliance management software and services. Our solutions are trusted by thousands of customers around the globe to help them manage risk, address complex regulatory requirements, build corporate ESG programs and foster ethical workplace cultures.

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