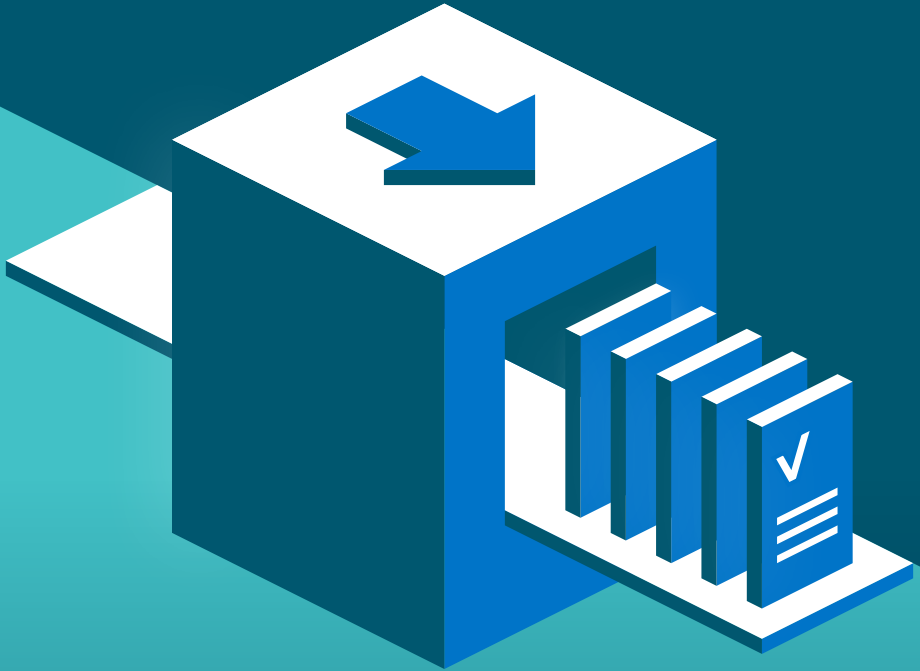




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WHITEPAPER

A compliance guide for successful supplier onboarding

An easier way to handle your supplier onboarding

Onboarding suppliers is often perceived as a complicated and time-consuming process, one that involves all manner of data. For example, you need to establish not only whether the supplier is a legitimate legal entity, but also whether the supplier's finances are healthy.

The process as a whole can be daunting: legal and regulatory demands are becoming more and more demanding, and organizations often lack the necessary compliance skills, and information needs to be drawn from multiple sources. But does the onboarding process actually need to be so complicated and time-consuming? No, it does not. For example, an external data source can help to speed up the process, and the manual steps can be automated. Using an external data source and automation therefore leads to improved efficiency and reduced costs.

This guide described a step-by-step plan to help you to organize your supplier screening and onboarding process as efficiently as possible. It also explains how to use automation and external data to tackle the compliance challenges of onboarding.

Why a properly organized supplier onboarding process is so important

Supplier onboarding is a major process, requiring vast amounts of information about the new supplier. Accurate information goes a long way to building a stable relationship with your supplier and protecting your reputation. For example, if your supplier fails to deliver, this could harm your organization. Disruptions in the supply of raw materials might mean that you are unable to manufacture your product in time to meet demand, forcing you to cancel orders – and next time your customers will be more likely to choose a partner that can actually deliver on time.

Loss of revenue is not the only risk, however. A supplier with links to child labor or slavery could harm your image – even aside from the fact that doing business with anyone like that is simply unethical. This is one reason why any company that wishes to avoid financial loss, protect its image, and do business ethically will include supplier screening as an important part of the onboarding process. That onboarding process can be broken down into 6 steps.

Efficient supplier onboarding in 6 steps



1

Establish the supplier's identity

First, you need to establish the supplier's identity. This includes asking the following questions: What is the supplier's official name, what is its official address? What are its operations, and do they align with the rest of the information? Are you sure that your business partner is in fact an existing entity?

The first factor that you need to know is whether the supplier is a legitimate business. You can do this by checking the following:



Confirm the entity's identity



Check whether the company is listed in the local trade register



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2. Check the risks

Once you have verified that the organization is a legitimate business, you need to know also whether the supplier is stable. You do not want to go into business with a supplier that cannot actually delivery.



Assess the risks, focusing on the following:



Establish how large the company is and how long ago it was formed



Check its financial health



Analyze its financial statements

Altare's Dun & Bradstreet's credit reports show you at a glance how large, how old and how healthy your supplier is. Also, it is important to consider:



Sector/industry risks



The country risks where the organization is established

3

Find out who you are doing business with

Uncover the UBO structure behind your supplier's organization. This will tell you who it is that you are doing business with, allowing you to better assess the risks.

Who are the directors/managers?



Who are its UBOs?



Is the supplier part of a corporate group?



Are the connections legally formalized?



Does the supplier have licensed operations, is it a franchise?



Is the company's parent its only owner?



Who are the parent's UBOs, and what other subsidiaries do they have?



A UBO, or ultimate beneficial owner, is essentially someone who ultimately holds or controls more than 25% of the shares or voting rights in a company, or otherwise has control over the company or its management. As many organizations are made up of multiple parents and subsidiaries on different levels, it can be complicated to find out exactly who the company's UBO is. You might even be dealing with a UBO in a foreign country. An [external data source](#) can help you to map out this information.

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Screen the UBOs and the company's reputation

Once you have established who the UBOs and directors are, the next step is screening: checking the entity's roots and the roots of the underlying entities and individuals against every sanction and PEP list worldwide, to quickly establish whether your reputation is exposed to any risks from the potential relationship with the supplier.



Check whether management and the UBOs are named on any PEP and/or sanction lists



Check for any bad press about the UBOs or the organization



Identifying and verifying UBOs has become a vital part of the onboarding process. If your organization falls within the scope of the Dutch Money Laundering and Terrorist Financing (Prevention) Act (Wwft), you have a legal obligation to determine the identities of your business partners' UBOs.

Another important reason to identify and screen UBOs is to make sure that you are not doing business with criminals. Nevertheless, finding the UBO is often a difficult process: If the supplier is part of a corporate group consisting of multiple organizations you might be dealing with numerous different UBOs, and if you discover that one or more of the UBOs are based abroad you will need to take a different approach also.

Identifying and screening UBOs is the most time-consuming part of this process. Fortunately, as explained below, tools such as [D&B Onboard](#) and [indueD](#) can do much of the work for you.



5

Keep a record of your audit

Gather all the data and audit them. Document all your findings and all the official information so that it is available on a moment's notice, in case you need it for legislative or regulatory inspections.

Tip

Use a solution that allows you to store your audits in an online environment. An even better option is to organize the audits by category, making them easy to find during inspections.

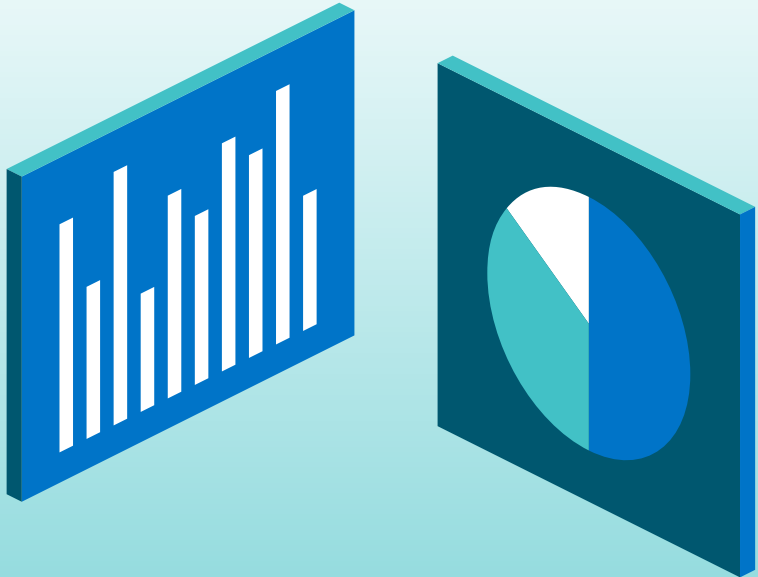


6

Continue to monitor your suppliers

It is not enough to check this information when you initially select your supplier. If you want your organization to stay protected, you will need to verify your suppliers' information again and again on a regular basis.

This is a time-consuming business, and involves repeating each of the steps described above. You can choose also to automate the monitoring process and be alerted of any changes and developments in your portfolio, to stay in control of any risks.



Automation & external data: minimize the harm, maximize your efficiency



Myths abound in the complicated world of compliance

about supplier onboarding. For example, you do not need to hassle your suppliers again and again with exhaustive and mandatory compliance checks. Compliance teams can draw on external data as the perfect solution to speed up the compliance process.

Using external data allows organizations to gather much of the information that they need without bothering their suppliers. Questions can then be kept to a minimum, asking only for the information that is actually necessary at that stage. This cuts back delays and the pressure on a new supplier dramatically, without forcing you to compromise on the data that you need.

If you decide to use an external data source, this will allow you also to automate several of the steps and speed up the process. Picture this: All the data are automatically retrieved from the appropriate sources and verified, then a rating is calculated, and a decision is made. This helps you to make better decisions and so avoid risks. It also means that in the monitoring phase, for example, you do not need to repeat the checks with a specific regularity. Instead, you simply program alerts to notify you if your suppliers undergo any change.

This yields huge time savings compared with manual decisions, and gives compliance officers more time to focus on fostering a proactive compliance culture: Only if compliance is part of your whole organization's DNA can you anticipate risks ahead of time while also facilitating the growth of your business.

The benefits of external data and automation:

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- 1 You save time at each step in the process;

 - 2 You minimize the amount of administrative work;

 - 3 Your compliance documentation for official company programs is more transparent;

 - 4 You spend much less time preparing for audits;

 - 5 Your compliance teams can focus their attention on more complicated and more high-risk matters.
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Tip

Make sure that you work with a real-time data source that contains up-to-date company information. Information that contains errors or is out of date can cost you time and money.

Altare Dun & Bradstreet: your data partner for supplier onboarding

Altare Dun & Bradstreet is eager to help you by providing smart intelligence about data, whether your own or from an external source, to let you focus on innovation.

A company data specialist and partner of the global Dun & Bradstreet network, we offer our clients access to data on more than 400 million companies across 220 countries. As a true data partner, we help organizations to create a corporate culture that revolves around data as a strategic weapon. Why we do this? Simply because we believe in the power that structured data offer when used for specific purposes.

Our team are passionate about data, analytics, and innovation. We do not just advise and help, we inspire. Our Dun & Bradstreet data cloud is an infinite source of information, offering intelligence that is consulted daily by 90% of all Fortune-500 companies. Our data cloud solutions provide intelligence that allows clients to minimize their risks, increase their revenue, cut their costs, and so improve their company's performances.

D&B Onboard: A single platform with all the vital intelligence

The information that you need for the supplier onboarding process is spread across multiple different sources. D&B Onboard uses the Dun & Bradstreet Data Cloud – the world’s most comprehensive company data source, containing up-to-date information about more than 400 million organizations worldwide.

D&B Onboard offers a single point of entry to access information and tools that make your screening simpler and make it easier for you to make decisions in the compliance onboarding process.

[Find out more about D&B Onboard](#)

indueD: An efficient and airtight compliance process

Altarex Dun & Bradstreet's compliance tool indueD lets you automate the entire compliance process. indueD gives you the world's most revolutionary web-based compliance solution available on the market, a tool that handles the entire screening and monitoring process for you.

indueD draws on the world's most comprehensive collection of sanction lists, bad press, PEPs, and country risks. You choose what factors are important, and how much weight to assign each, giving you a compliance rating that is aligned perfectly with your organization's needs and policies.

Onboarding is not all that indueD does. It sends you an alert whenever a change occurs in your portfolio. This allows you to proactively monitor your focus dashboard and shows what further action you need to take. indueD helps you to do the impossible: manage the complexity of compliance while still realizing ethical growth.

[Find out more about indueD](#)

Become inspired by our clients' stories:

ABN AMRO reduces compliance risk with faster, customer-centric approach

“ABN AMRO has hired Altares Dun & Bradstreet for the possibilities that it offers to clean up data and set up a Global Beneficial Ownership database. Altares Dun & Bradstreet has increased ABN AMRO's screening options also, by adding advanced and more custom-designed monitoring. The setup combines data, intelligence, and analyses to monitor risks and trigger alerts.”

[Go to case](#)

Data is the lubricant of the digital transformation at SHV Energy

“We know that we can rely on the knowledge and expertise that Altares Dun & Bradstreet brings as our strategic partner. I am very pleased with our relationship with Altares Dun & Bradstreet. They understand the data and the business. Together we are moving forwards to a sustainable future.”

[Go to case](#)

OUR VISION

Smart insights to shape your future

WE believe data is only valuable when it has a purpose



WE guide you through this ever-expanding data universe



YOU create a company culture where data is empowered to be a strategic growth change-driver

Would you like to find out how we can help your organization to organize an efficient supplier onboarding process?

Get in touch with our consultants.

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