



Reducing the Supplier Engagement Risk

Presenter: Alan Butler



PICS and Tony Webster-Smith

PICS Auditing

- World's leading provider of **supply chain risk management** solutions
- Cloud-based platform, adaptive technology
- 300+ global clients



Tony Webster-Smith

- Regional Vice President, PICS Auditing
- Responsible for implementation of commercial and operational strategy
- Focus on development of blue-chip client relationships





Strathearn and Alan Butler

Strathearn

- Leading organization for corporate and commercial insurance & risk management
- Operating in 63 Countries
- Dedicated to professional advice to companies ensuring that their assets and people are protected



Alan Butler

- General Manager Global Mining Practice
- Develops international insurance and risk management solutions for mining and multinational organizations operating in challenging environments
- Recognized by industry as providing innovative solutions



Introducing the Chartered Institute of Procurement and Supply (CIPS)

Chartered
Body



Charitable
Status



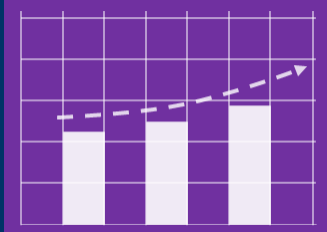
Awarding
Body



Membership
Organisation

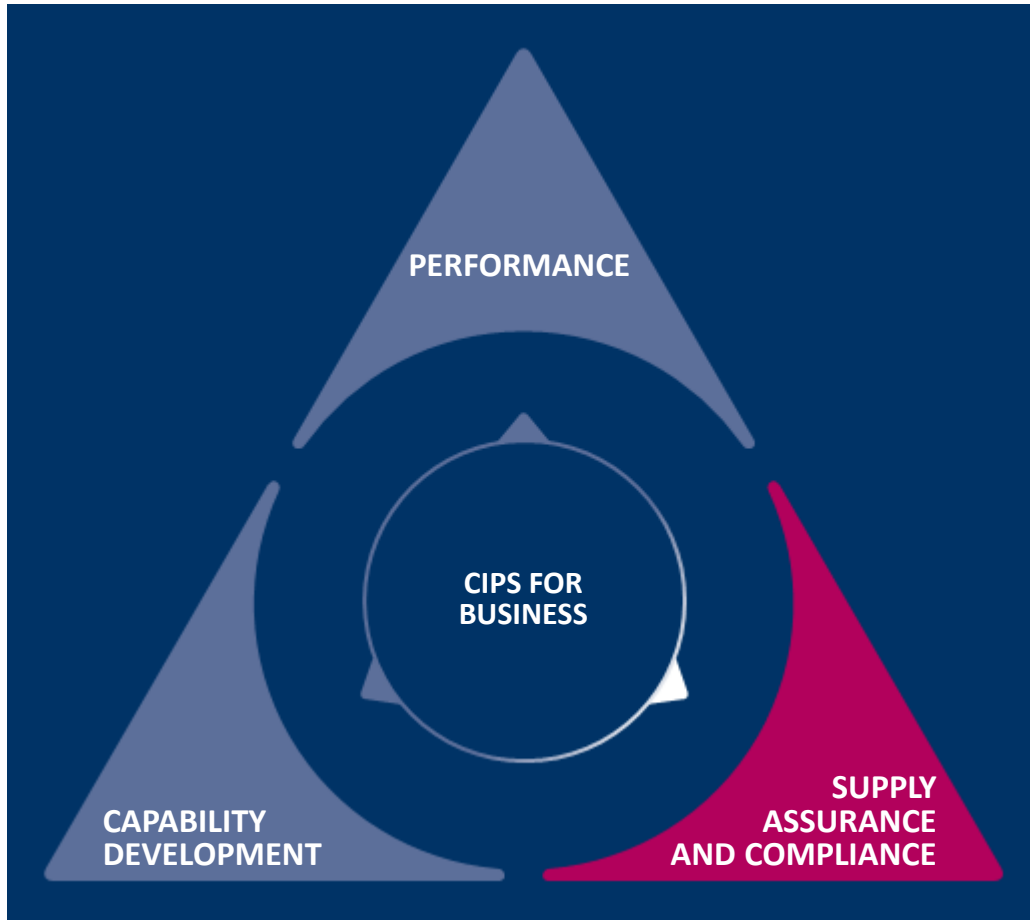


CIPS for
Business



Global Reach and Influence





Supply Assurance and Compliance

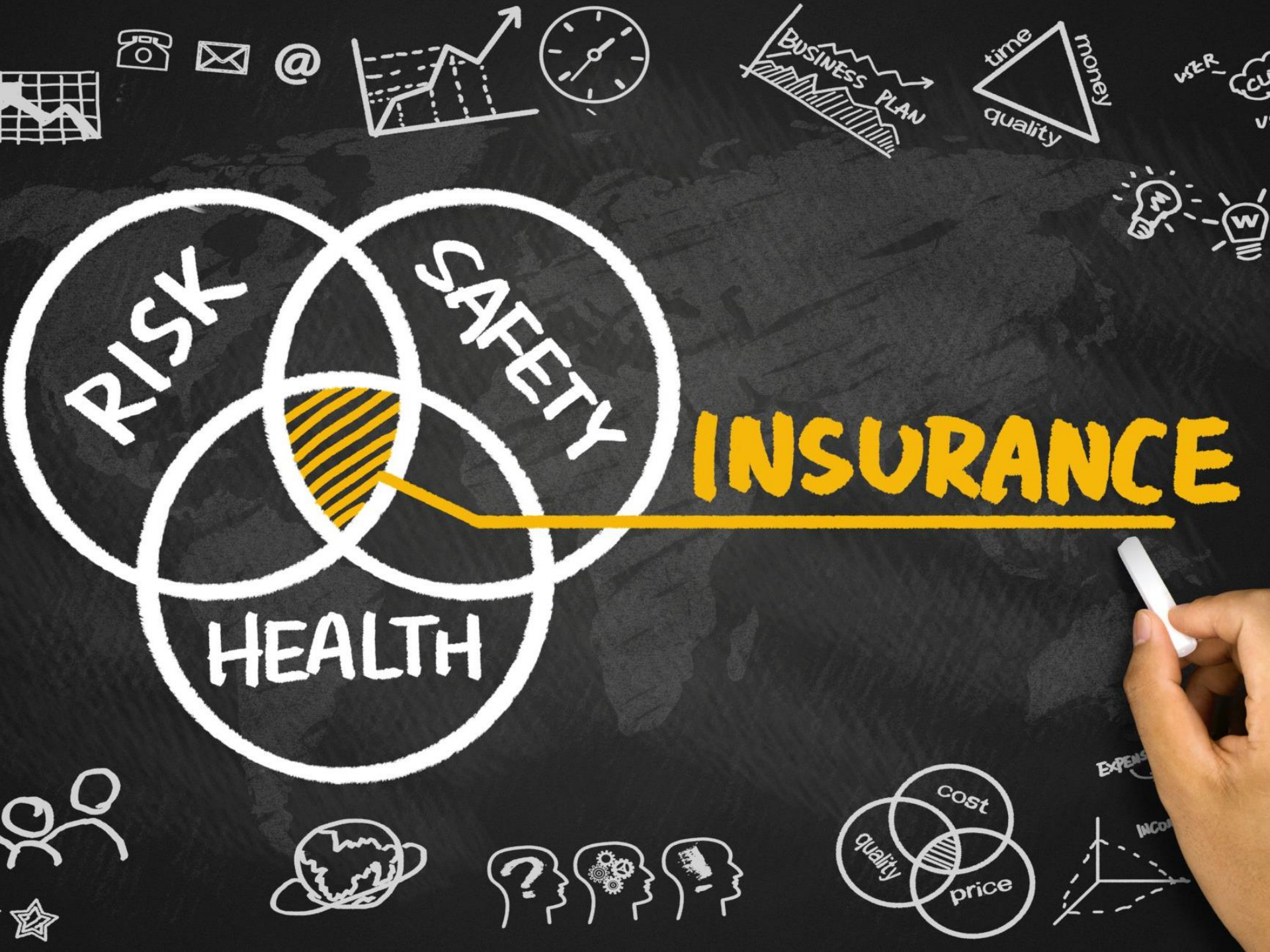
You need...

...to ensure your team is

- managing supply chain risk, continuity of supply, brand reputation and compliance with legislation
- achieving consistency of process application and excellence in contract management

We help by...

...building resilient, compliant, ethical and sustainable procurement practices and supply chains

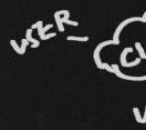


RISK

SAFETY

HEALTH

INSURANCE





Agenda

- **Supply Chain and Supplier Engagement**
- **Risk Management**
- **Contractual Frameworks for Insurance Responsibility**
- **Audit Process**
- **Supplier Solution**
- **Cost benefits**

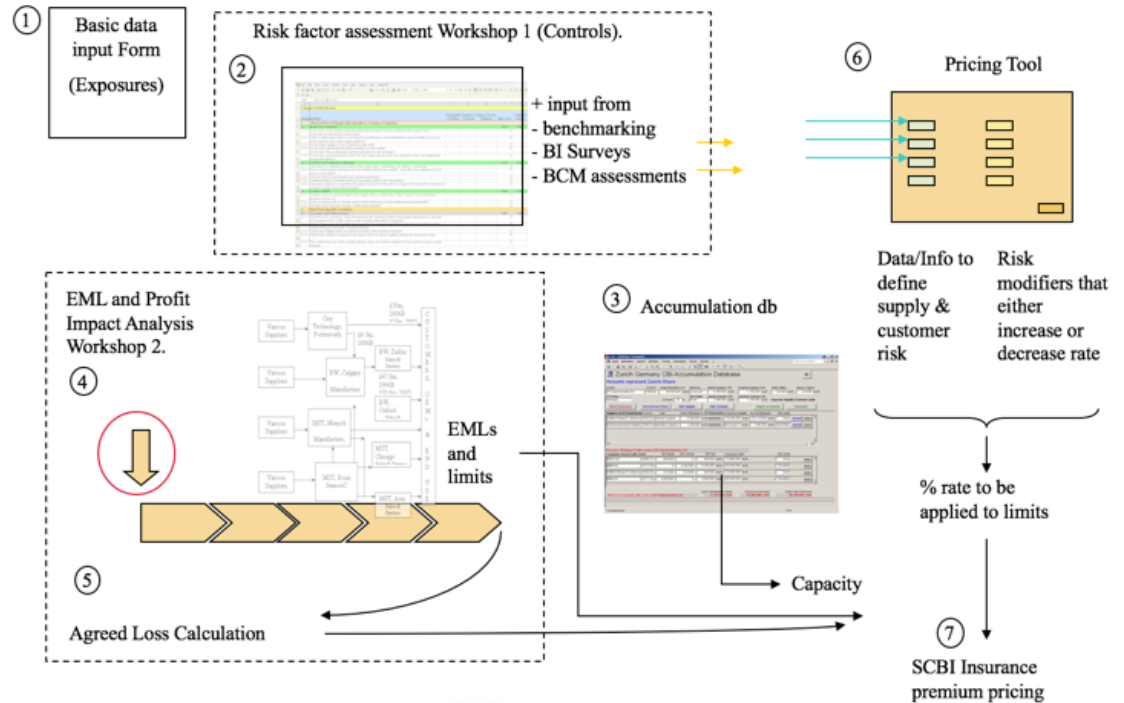




Risk Management

- Importance of Risk Management Process
- Identification of Exposure
- Quantification
- Mitigation Strategies
- Engagement of Specialists
- Transfer Options

SCBI Risk Assessment Process

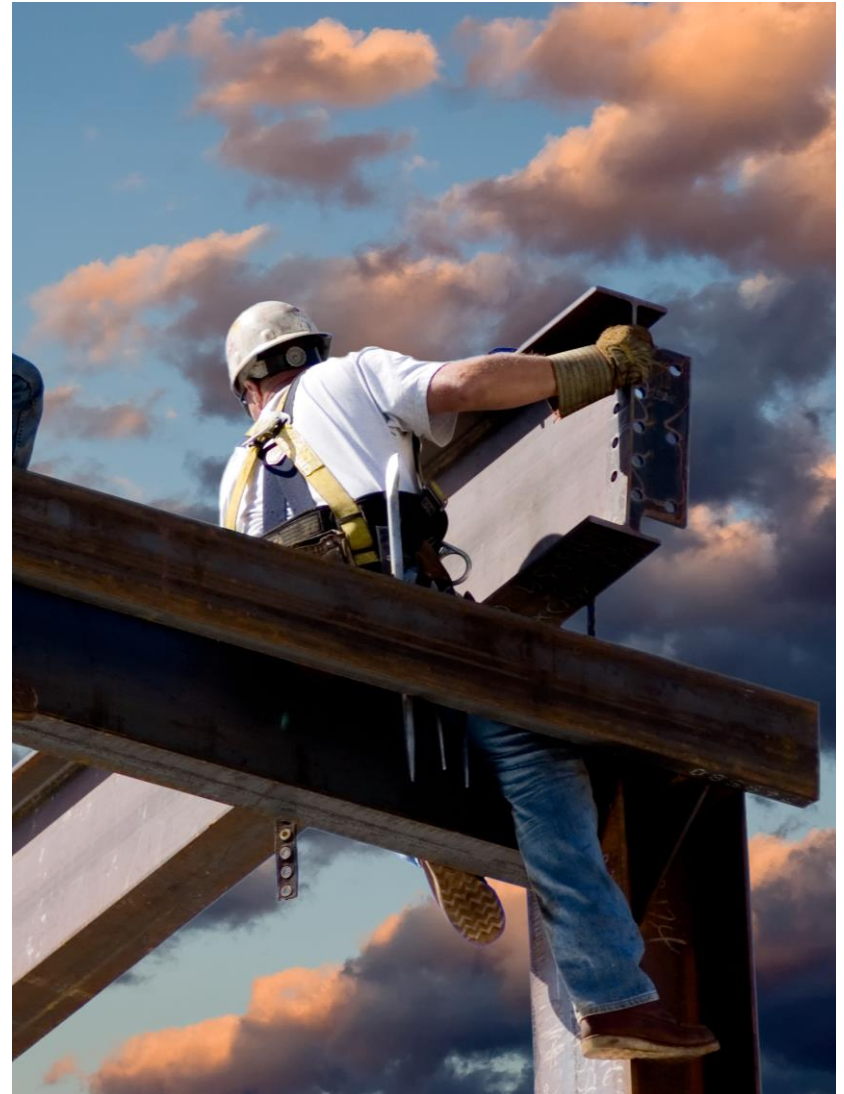


* SCBI – Supply Chain Business Interruption



Contractual Frameworks for Insurance Responsibility

- **Contract structure**
- **Ability to transfer risk**
- **Risk Allocation**
- **Consistency**
- **Clarity**
- **Understanding of Requirements**
- **Insurance Clause Design**





Audit Process

- Who Audits
- When is Audit conducted
- Pre-qualification
- Paper trail
- Confirmation of insurance requirements
- Insurance Cancellation Controls





Solution Objectives

Principals

1. Ensure appropriate responsibilities are being pushed to supplier
2. Remove the need for dispensation contact, discussion and consideration to result in consistent compliance across the supplier group
3. Create a link to **PICS** systems for audit purposes
4. Remove the possibility of insurance lapsing or being cancelled during the duration of the contract
5. Provide suppliers with a solution that gives sufficient insurance savings **to cover the cost of PICs membership as a minimum.**

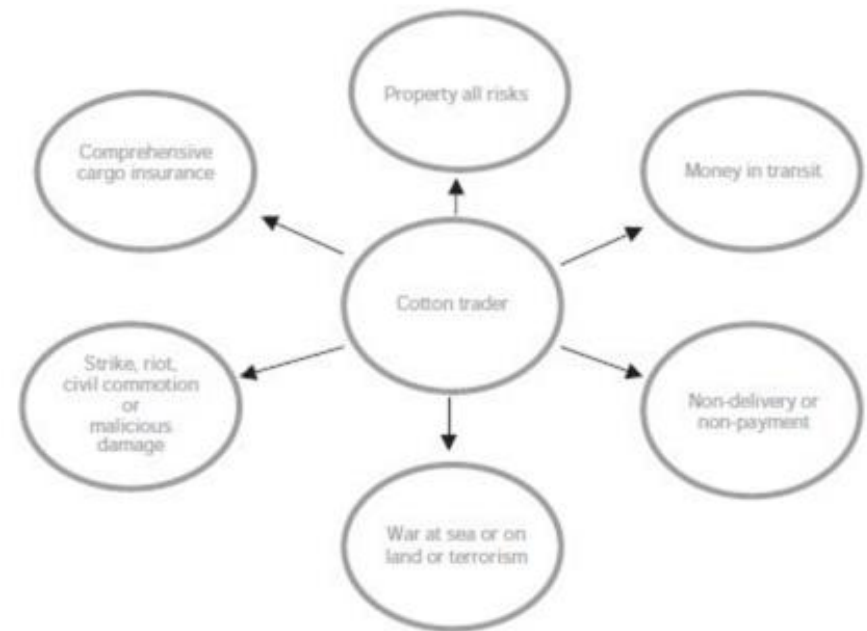


Solution Objectives (Continued)

Supplier

1. Design an easy process, fully electronic if possible
2. Low cost solution must see significant savings to existing insurance arrangements
3. Fully compliant to insurance responsibilities contained in the contract;
4. Automated renewal process
5. Education of insurance responsibilities

Figure 3.4: Insurance options





Cost Benefit

- **Reduced administration**
- **Non compliant cost**
- **Risk reduction - market competition**
- **Lower premium availability**
- **Process expense reduction**
- **Facility opportunity**





Thank You!



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