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Jag Lamba (jag@getcerta.com) is the Founder & CEO of Certa in Saratoga, California, USA.

How supply chain professionals can smoothly navigate sanctions

By Jag Lamba

We're well over a year since the Russian invasion of Ukraine, and resulting sanctions continue to be a priority topic for businesses around the world. In the United States, the U.S. Office of Foreign Assets Control (OFAC) has been kept quite busy because of these developments overseas. Part of the U.S. Department of the Treasury, OFAC's broad goals are to prevent financial crimes, drug trafficking, and weapons proliferation through economic and trade sanctions that align with national security and constantly evolving foreign policy goals.

Sanctions on individuals, organizations, and the broader Russian regime are not the only sanctions in play, of course. Many other entities have been sanctioned in recent years, and undoubtedly more will be in the future. US-based organizations and those doing business here need to keep on top of the latest sanctions landscape; the inability to stay compliant with these regulations can result in fines that are costly in both terms of finance and reputation.

With the geopolitical environment more volatile than it has been in recent memory, it's going to remain hard to know where the next sanctions will be pointed. Therefore, it's hard, if not impossible, to know in advance where our businesses will need to divest in short order once those sanctions come down. What we can do, though, is treat current and yet-to-be-realized sanctions like any other risk category and build stronger capabilities for tracking, assessing, and mitigating sanctions risks.

The procurement department has evolved into a kind of compliance hub for today's organizations, handling risks around data privacy; environmental, social, and governance factors; information security; and other compliance areas with as much transparency as possible. This is largely due to chain managers' proximity to suppliers' data and the robust third-party management tools that allow data to flow securely and efficiently between departments as needed.

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