



International Distribution Institute

Adapting a Compliance System to the Needs of Small and Medium Sized Distribution or Franchise Networks

Alberto Echarri, Spain

Marco Hero, Germany

Andreas Mundanjohl, Germany

Torino, June 13, 2014



Compliance focusses on observance of criminal or otherwise fined actions of a business in order to prevent the company from liability. Any business has to comply with laws, start-up or small cap businesses are not exempted from compliance.

Compliance is the responsibility and assignement of the company management, no matter the size of the management.

Compliance is a management's decision to **prevent, investigate** and **react** efficient on crimes and other breaches.



Company's liability for compliance breaches can be found in e.g.

- criminal codes (environment, corruption, bribery)
- antitrust laws (horizontal or vertical arrangements)
- data protection acts
- specific compliance laws (e.g. UK Bribery Act)
- multinational conventions (e.g. OECD)

Not to forget: damage of company's brand and reputation

Compliance risk portfolio: focus procurement

- Corruption (e.g. purchase department receiving gifts)
- Corporate Social Responsibility
- Contractual obligations (e.g. non-disclosure obligation towards trade secrets, technical know-how, IP, copyrights, sales strategies)
- Retrieving permits/access from public authorities

Compliance risk portfolio: focus distribution

- Export regulations / disclosure
- Bribery (using intermediaries, brokers etc.)
- Antitrust
- Privacy / data protection (e.g. processing customer data)

Minimum compliance structure for small/medium sized distribution/franchise networks:

- compliance officer vs. compliance committee?
- code of conduct
- reporting system („whistle blowing“)
- internal rules on prevention, supervision, detection and reaction on compliance breaches
- ongoing training system



International Distribution Institute

Thank you!

Alberto Echarri

Marco Hero

Andreas Mundanjohl

Torino, June 13, 2014