



# Accreditation: Adding Value to Supply Chains



## World Accreditation Day

9 June 2019

(#WAD2019)

# Accreditation: Adding Value to Supply Chains

## What are the Issues?

- Although businesses have been producing items with goods sourced from around the world for many years, supply chains are now significantly more complex in terms of the speed, scale, depth, and breadth of global interactions.
- The global nature of supply chains and retail markets means that businesses have to operate in multiple and often differing regulatory environments.
- Determining the quality, authenticity and traceability of raw materials or components requires credible and trustworthy information.
- As innovation accelerates and the lifecycle of products shortens, markets become more unpredictable and exert increased pressure on supply chains.
- Businesses need to manage their exposure to risk or disruption from data security breaches or system failures.
- Effective selection of sustainable suppliers not just in terms of financial stability, but also Corporate Social Responsibility (CSR) performance and ethical practices.

Product supply chains are increasingly globalised and complex as companies seek to optimize costs while retaining flexibility. Supply chains that stretch across multiple countries and sites pose major challenges in terms of quality, compliance with regulations and standards relating to safety, as well as environmental and social responsibility.

Procurement is often responsible for up to 70% of companies' expenditure (Source: *The Chartered Institute of Procurement and Supply*), and so any disruption could affect profitability, brand reputation and customer loyalty.

## The Role of Accreditation?

Accreditation determines the technical competence, integrity and impartiality of organisations providing conformity assessment services such as testing, calibration, certification, and inspection.

Accreditation, underpinned by internationally agreed standards, adds value to supply chains as businesses seek to maximise value and satisfy contractual terms, while maintaining a level of confidence that products meet technical specifications and are safe to use.

80% of trade involves elements of testing, calibration, inspection and certification activities, collectively known as conformity assessment (Source: *OECD*). Accreditation is the independent evaluation of these conformity assessment bodies against recognised standards to ensure their impartiality, competence and consistency.

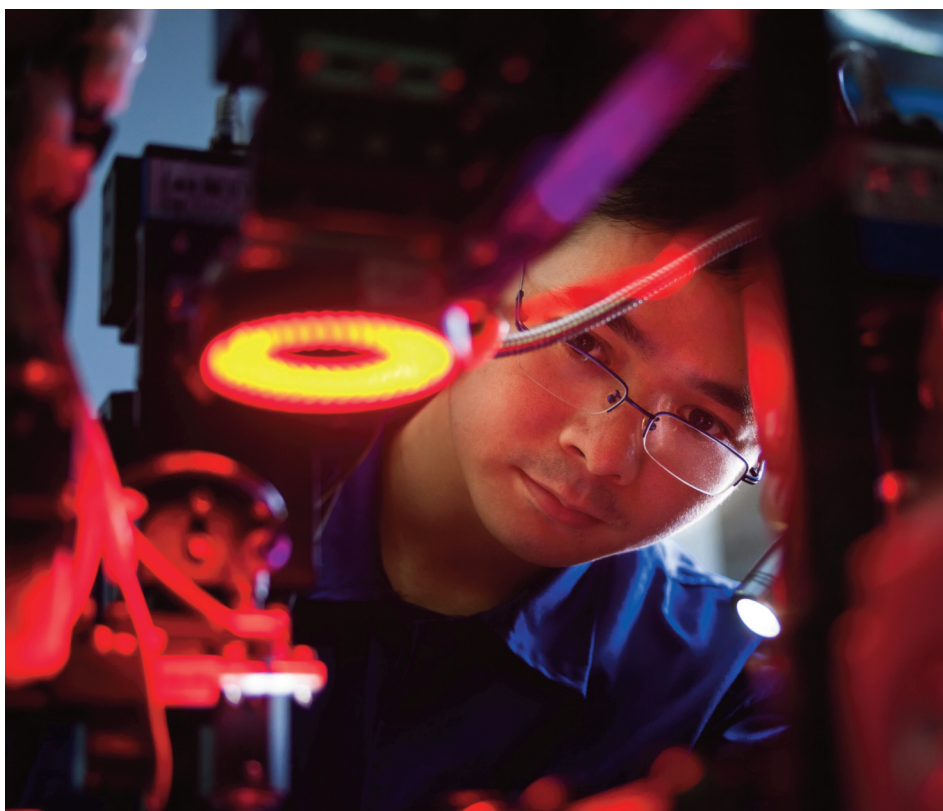
Accreditation, therefore, plays an important role in reducing the costs of trade and doing business, enhancing technology transfer, and increasing investment. It also enables businesses

to integrate into global supply chains, as they can demonstrate product quality through a common “technical language” needed to establish trust between business partners. (Source: *The World Bank*). A report, produced by the World Trade Organization Economic Research and Statistics Division, stated that the inappropriate use of conformity assessment accounts for 10% of Specific Trade Concerns (STCs). Accreditation provides an opportunity to address this issue.

### CASE STUDY

#### UK Local Government

UK local councils use accredited surveyors to carry out asbestos surveys on their estates. Accreditation to ISO/IEC 17020 ensures that surveyors are competent, independent and impartial. This supports councils in their due diligence and selection of suppliers to ensure they receive reliable reports without the need for reworking.



## Delivering confidence in the Supply Chain

Given the complexity of today's supply chains, reassurance in the measurements, tests, inspections, and certifications that are performed in another jurisdiction or market sector is essential. Without a level of confidence, the free exchange of goods and services risks being hampered by technical barriers or varying levels of quality, thereby increasing costs for importers and consumers.

Such complexity also makes it cost-prohibitive for governments or regulators to carry out all the laboratory testing, inspection, and certification necessary to protect public health and safety. A solution that is increasingly being adopted is for governments to establish regulations which specify requirements to be met and procedures to be employed for demonstrating compliance, with the option for private sector providers to earn recognition to carry out the verification of compliance processes.

Conformity assessment, including activities such as testing, certification, and inspection, is used to verify that products and services meet standards or technical specifications. In the regulated sector, conformity assessment demonstrates compliance with legislative requirements and, in the voluntary sector, provides assurance to consumers and importers that the products and services they procure meet specification.

As conformity assessment bodies are mostly commercial organisations, accreditation assesses and declares the technical competence of these organisations in order to provide confidence in their results or test data.



## Supporting supply chains through international recognition

Accreditation bodies are established to ensure that laboratories, inspection bodies and certification bodies are subject to oversight by a competent body. Internationally recognised accreditation bodies, which have been evaluated by peers as competent, sign international arrangements that facilitate the acceptance of products and services across borders, thereby creating a global infrastructure to support trade, regulatory approval processes, and confidence in the supply chain.

These arrangements, which cover economies that represent 96% of global GDP (Source: *World Economic Forum*) are managed by IAF, in the fields covering accreditation of certification bodies, and ILAC, in the areas of laboratory and inspection body accreditation. This system helps to ensure work carried out by accreditation bodies is consistent across the globe and maintains international standards from one accreditation body to others. As a result, products and services tested, inspected, or certified once under the IAF and ILAC umbrellas can be accepted everywhere with equal confidence. Accreditation therefore reduces information asymmetries or differences between operators in global value chains and serves as a

means of global communication between international trade partners.

Research conducted by the Centre for Economics and Business Research (CEBR) in the UK stated that £6.1 billion of additional UK exports per year can be attributed to standards and accredited conformity assessment each year. It reports that procurers have confidence that products will be safe and fit for purpose, so they are more widely accepted. The system removes arbitrary national technical barriers to trade, improves confidence and transparency throughout complex and multinational supply chains.

### CASE STUDY

#### Supply Chain Security Management Systems Certification (SCSMS)

Accreditation bodies assess certification bodies' competence to deliver certification of Supply Chain Security Management Systems (ISO 28000). The standard requires organisations to establish, implement and continually improve a security management system, including aspects critical to security assurance of the supply chain. These aspects include risks such as threats from terrorism, fraud and piracy that have serious implications to businesses.



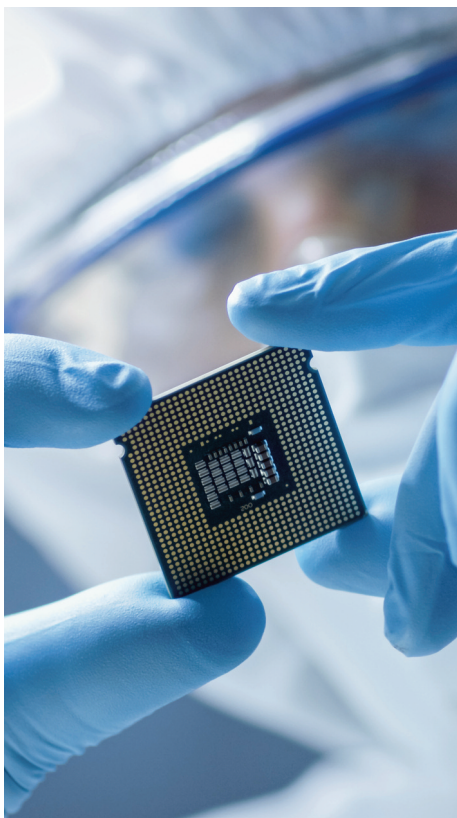
## Increasing recognition

In recent years, there has been a growing trend towards greater recognition of accreditation and the acceptance of the arrangements by governments and regulators. For example, recent European Union (EU) trade agreements signed with Japan, Canada, Switzerland, and Tunisia cite the use of accredited conformity assessment to ensure harmonised free trade. The Gulf Cooperation Council (GCC) operates a single Market Regulatory System referencing accreditation as an essential tool for the implementation of the regulatory system and is used in all regulations to assure the competence of notified bodies. APEC (Asia-Pacific Economic Cooperation) endorses accreditation to underpin the conformity assessment component of the APEC agreements. ASEAN (Association of Southeast Asian Nations) has included accreditation in the ASEAN sectoral MRA for

electrical and electronic equipment as a means of demonstrating the specified requirements are met.

The mainstream acceptance of accreditation by both pan-regional bodies and domestic regulators within individual governments also helps WTO member governments to meet their responsibilities under the Technical Barriers to Trade Agreement and the Sanitary and Phyto-sanitary Measures Agreement.

The use of accreditation is also recognised in other quarters. In the UK, the Institute of Directors recognises accredited certification to ISO 9001 as a measure in their annual Good Governance report, as does the Global Innovation Index, which rates economies on their performance. A recent report published by AIRMIC, the Association of Risk Managers, recognised the value of accreditation as a tool to price risk.



### CASE STUDY

#### Quality and traceability of Intermarché's supply chain

French supermarket chain, Intermarché, uses a platform that enables it to identify, analyze, and monitor all suppliers, components, and production sites in its supply chains, which involves over 4,200 suppliers located in 41 countries at all levels and collected their environmental quality certificates.

They are able to map of all the different entities involved a supply chain, collect and verify suppliers' certifications, and make targeted recommendations based on each supplier's control of the process. This enables the company, both as a producer and retailer, to identify product origins and reduce risks.

## Accreditation Services: Adding Value to Supply Chains

Accreditation operates across all sector supply chains ranging from healthcare and medical devices, construction, energy, clothing and textiles, toys and electronics, IT and communications, to food safety and water supply.

Accreditation offers a range of services that can add value and manage the potential risks in supply chains through the assessment of certification, inspection, testing, and calibration services. By demonstrating the competence, impartiality, and capability of these organisations, it underpins the credibility of goods and services, allowing procurement and supply chain managers to better manage their risks.





# Supporting Procurement Officials



## Find a supplier

IAF “CertSearch”, which will be launched in the run-up to World Accreditation Day, is a tool that supports procurement officials. The platform, currently contains 700,000 management system certificates from accredited suppliers will allow purchasers to check if their potential suppliers hold such certificates. It will also help to distinguish between certificates issued by accredited conformity assessment bodies (CABs) from the certificates issued by non-accredited CABs, and to check the authenticity of a certificate.

[www.iaf.certsearch.org](http://www.iaf.certsearch.org)

## CASE STUDY

### Safety Schemes In Procurement

Safety Schemes In Procurement (SSIP) is a forum that aims to support small businesses by streamlining prequalification and reducing health and safety assessment costs and bureaucracy in the supply chain.

SSIP Registered Membership is open to third-party Health & Safety assessment schemes, including Health & Safety assessment schemes such as those run by major contractors or Trade Associations. Registered Member schemes benefit from a two-way mutual recognition with other registered member schemes and also Certification Assessment Bodies via the existing UKAS SSIP Sector Scheme.

Evidence taken from the SSIP Portal validate savings to industry since 2016 at over £124 million following the mutual recognition agreement in place with all forum members. The SSIP scheme provides procurement managers with access to over 71,000 organisations that have been verified by the Health and Safety Assessment process. Accreditation verifies compliance with legislation and supports consistency between member schemes.

## Further information

Accreditation provides a globally-recognised tool to not only assess and control risks of the internal operation of businesses, but also the products and services that they place on the market. In this way, Regulators, purchasers and employees can demonstrate confidence that accreditation delivers a safer world.

Visit <http://www.publicsectorassurance.org> to access research, case studies and supporting information relating to the positive benefits of accreditation in the delivery of health and safety policy.

Visit [www.businessbenefits.org](http://www.businessbenefits.org) for further examples of how businesses can benefit from standards and accreditation.



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