BUSINESS ASSURANCE

Business Continuity:

Challenging perceptions in challenging times

12 March 2020

SAFER, SMARTER, GREENER

Webinar Speaker

Kathleen Wybourn

She began her career at the NutraSweet Division of GD Searle/Monsanto, holding various managerial positions, including analytical and microbiology labs, quality control, quality assurance, supplier audits, and operations.

From food manufacturing, Kathleen moved to food safety auditing as the director of operations at GMA, heading the GMA SAFE program.

Kathleen has served on several GFSI Technical Working Groups, written articles on food safety certification, and participated in university studies on the same topic.

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Webinar Speaker

Tom C Andresen Gosselin

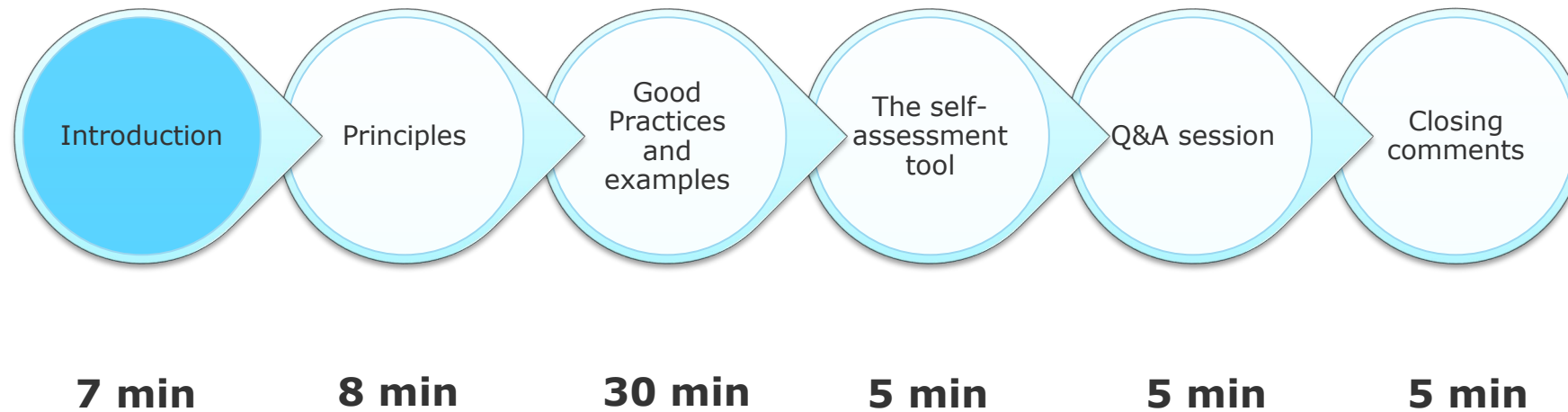20+ years experience in supply chain, resilience and sustainability

Global perspective from a career in 5 countries across 3 continents

Advisor key account manager and crisis consultant for some of the world's largest brands in EU and NA.

Fluency in 7 languages and academic background in international relations, conflict resolution and mediation.
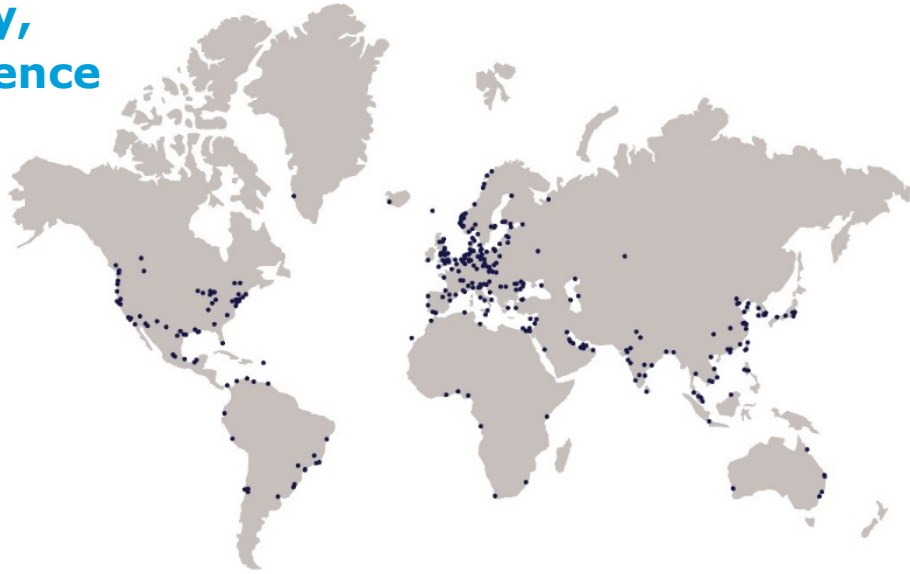
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In this presentation

Introduction Principles Good Practices and examples The self-assessment tool Q&A session Closing comments

7 min **8 min** **30 min** **5 min** **5 min** **5 min**

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Long history, Global presence

DNV GL
HEADQUARTERS:
OSLO, NORWAY

STRATEGY RESEARCH

GROUP CENTRE

MARITIME	OIL & GAS	ENERGY	BUSINESS ASSURANCE	DIGITAL SOLUTIONS
HEADQUARTERS: **HAMBURG, GERMANY**	HEADQUARTERS: **OSLO, NORWAY**	HEADQUARTERS: **ARNHEM, NETHERLANDS**	HEADQUARTERS: **LONDON, UK**	HEADQUARTERS: **OSLO, NORWAY**

GLOBAL SHARED SERVICES

≈100,000
Customers

1864
Established

350
Offices Worldwide

100+
Countries
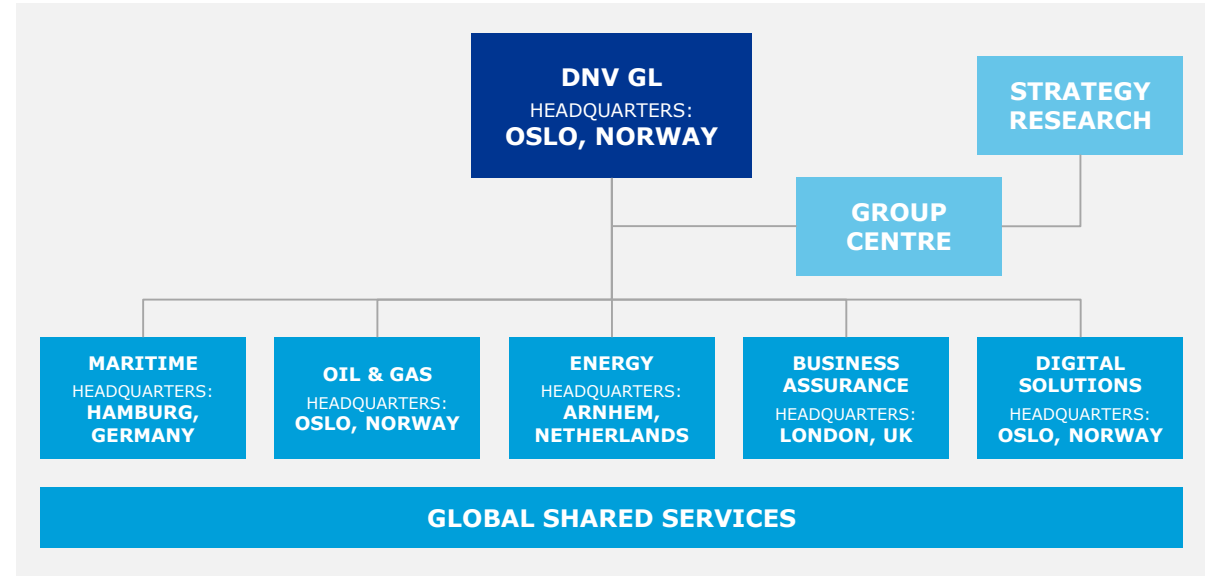
OUR PURPOSE
To safeguard life, property and the environment

OUR VISION
A trusted voice to tackle global transformations

OUR VALUES
WE CARE for each other, our customers, our planet, and we take care of ourselves.

WE DARE to explore, to experiment, to be different, and to be courageous, curious and creative.

WE SHARE our experience and knowledge. We collaborate with each other and our customers, and we continue to grow and develop as a result.

DNV GL - Business Assurance:
Americas in a nutshell

8 Offices

12,250+ Certificates

630+ Employees

500+ Hospitals Accredited

Certification & verification

Results in a certificate or statement of compliance.

- Management system certification
- Product assurance
- Certification of persons
- Sustainability reporting & assessment
- Supply chain management & assurance
- Sustainability practices
- Industry specific services

Assessment

Supports reliable decision making.

For many global brands, we perform audits and assessments that do not end in a certificate, but rather provide benchmark feedback and critical guidance on important metrics like corporate responsibility, environmental impact, safety and quality.

- Risk assessment
- Gap analysis,
- ISRS™ assessment

Training

Learning how to improve from a global perspective.

Sustainable performance means having the in-house skills and knowledge to continuously improve. Our worldwide training programs empower customers to self-enhance and constantly adapt to their changing market conditions and customer needs.

- Accredited training courses (IRCA) and public training, in-house training

Focus industries

Automotive & aerospace

- Quality, safety and functional safety

Healthcare

- Patient safety, Managing infection risk, Disease-specific

Food & beverage

- Food safety and GFSI benchmarked standards, traceability, supply chain, responsible sourcing, product sustainability, aquaculture and safe & sustainable seafood
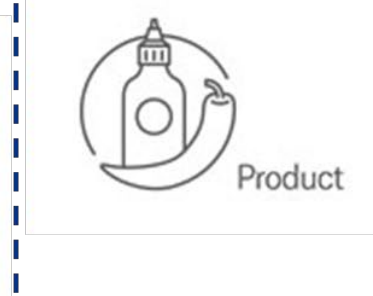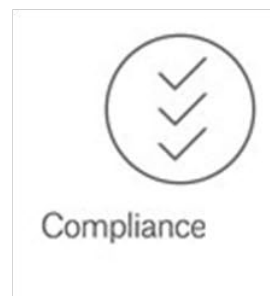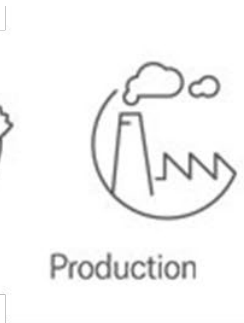
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Consumer trust is shifting

BRANDS   TRUST   PRODUCTS

Supply chain — Production   Compliance — Opportunities   Product — Consumer

My Story™ for wine - https://www.dnvgl.us/assurance/mystory/index.html

Digital Assurance and Transformation

- Blockchain Solutions – show origin, quality and social/environmental/ethical integrity of product to consumers displaying facts verified by DNV GL and immutably stored on VeChain platform.

<div align="center">

MyStory

</div>

- – Since 2018, DNV GL's certificates are stored in a private BlockChain to improve security and transparency
- Virtual Auditing and Witness Assessments (sit by the pool while you participate in the audit)

Can I trust this product?

What's inside?

Who is behind?
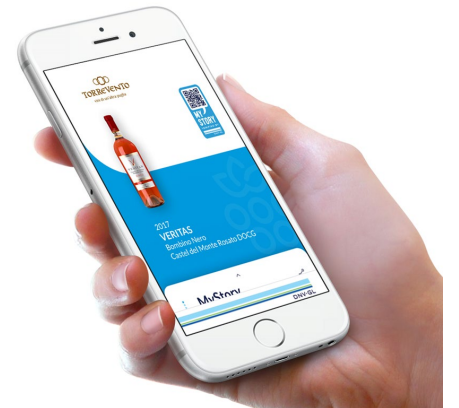
Introduction, main principles & good practices

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What we will go trough

What is business continuity

Planning the resilience

Let's have a look at some examples

The benefits of a good business continuity approach and structured organization

DNVGL self-assessment tool

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When our normal is disrupted

- Floods, earthquakes, **pandemics**, hurricanes, even less impacting incidents, can change our lives drastically.

- **Incident**: Event that could lead to a disruption.

- **Disruption**: Incident that causes an unplanned, negative deviation from the expected delivery*, putting at risk the survival of the Organization.

- Consequences can be severe in several dimensions:
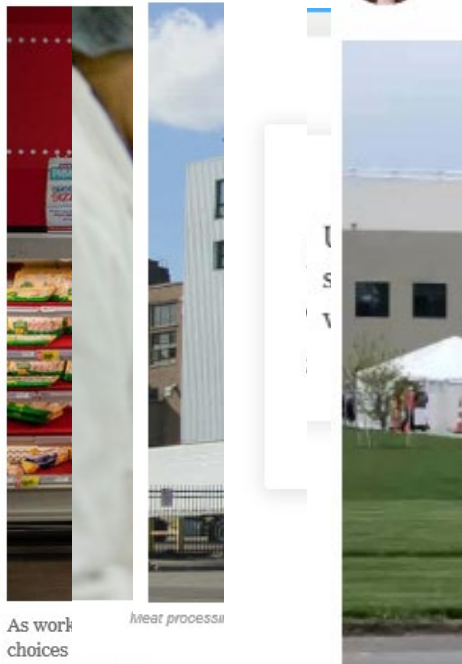 - Economic
  - Social
  - Environmental
  - Technical

* ISO 22301:2019

▪ Illness and deaths	▪ Meat supply
▪ Disruptions	▪ Airlines >95% reduction
▪ Market demands	▪ Restaurants / Retail delivery

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Meat supply and business model

Restaurant and Retail

Netflix doubles expected ta subscribers amid Covid-19

The streaming giant added 15.77 million new custo shows such as Tiger King and Love Is Blind drawing

Avocados of Panden

By Marvin G Perez, Michael
April 26, 2020 7:00 PM *Up*

▶ 'Health halo' lifts demand for v
▶ 'Traditionally, food has a comfo

Supermarkets add more plant-based products to meet demand amid possible meat shortages

Products like Impossible Burgers could fill the void of beef and pork.

By **Kelly McCarthy**
May 6, 2020 2:00 PM • 7 min read

Amazon
years

Daniel Keyes May 4, 2020

Pandemi eating tr
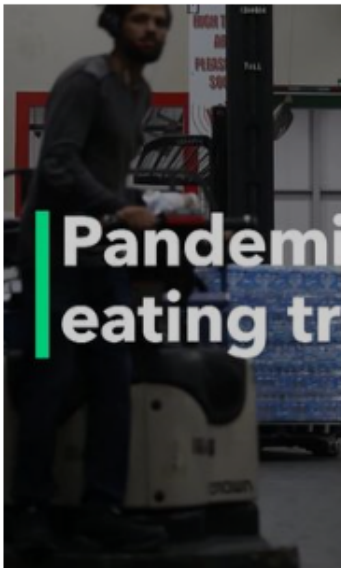
The Era of Pandemic Eating

Due to high demand and to support all customers, we are limiting purchases of
BEEF
to
2 EACH PER HOUSEHOLD.

04-29 UPDATE   WE'RE ALL IN THIS TOGETHER!   *Ralphs*

r three

What is business continuity?

~~Unexpected~~ Unanticipated **disruptions** to our business can always happen.

Business continuity is the capability of an organization to **continue the delivery** of products and services **within acceptable timeframes, at a predefined capacity** during a disruption*

An organization needs to know and plan how to keep going under **any circumstance**.

A good Business Continuity Plan according to best practices such as ISO 22301 **recognizes potential threats** to an organization and analyses **what impact they may have on day-to-day operations****

It also provides **ways to mitigate these threats**, putting in place a framework which allows **key functions** of the business to continue even if the worst happens**

* ISO 22301:2019   **The Business Continuity Institute

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Planning the resilience

Business impact Analysis (BIA)

- A business impact analysis, formal or informal, has the objective to **determine and evaluate the potential effects** of an interruption to critical business operations as a result of a disaster, accident or emergency:
  - What if an operative site won't be available? – OPERATIONS
  - What if a supplier will shut down its operations? – SUPPLY CHAIN
  - What if a critical customer or market won't / can't buy anymore from me? - MARKET
  - …

Addressing risks and opportunities

- One of the purposes of the BIA is to reveal any vulnerabilities and developing strategies for normal operations to minimize risk:
  - Which are the vulnerabilities of my site? Did I solve eventual issues to reduce risks?
  - Did I check my suppliers in all their business dimensions AND vulnerabilities before entering in an agreement? Financial, political, preparedness, etc.
  - Do I plan an action to reduce the weight of a single customer, market or service in my operations?
  - …

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Evaluating strategies for Business Continuity

How we do identify and manage fundamental:

1. customers, markets or partners?

2. products or services?

3. logistics chains?

4. supply chains and products or services to procure?

5. human resources, to allow the continuity of businesses?

6. financial and economic resources, to allow the continuity of businesses?

7. IT and telecommunications resources?

8. physical infrastructure (including power and utilities) needs?

9. legal or compliance risks that could put the company in risky situation? (e.g. force majeure)

10. Etc.

Some concepts of ISO 22301 may have been modified for a better comprehension and applicability into the protocol

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Implementation of solutions
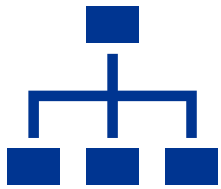
Response structure

Has the Company identified one or more teams (strategic, tactical, operational) to respond to disruptions?

Are they trained and responsible for continuing operations during disruptions?

Communication

Has the company identified the process for internal communication?

Has the company identified the processes for external communication, including media?

Define BUSINESS CONTINUITY PLANS

Considering possible **disruption scenarios** Business Continuity Plans (BCPs) need to be defined

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Define business continuity plans

- Considering possible disruptions, BCPs should be defined with:

  – Scope and Objectives

  – Roles and Responsibilities

  – Actions to implement the solutions

  – Supporting information need (Exchange of information)

  – Internal and external interdependencies

  – Resource requirements

  – Reporting requirements

  – A process standing down process

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Testing capabilities and improvement

Test capabilities exercising business continuity regularly

When changes occur in business processes, the BCPs need to be tested in order to verify that:

- they are working correctly
- all resources are available in case of emergency
- that everyone is correctly trained for emergency
- you can improve in your "normal" operations

Improve

If testing reveals that something doesn't work, check and change

Remember!
Working under pressure during disruptions doesn't allow people to think about their responses and actions.
Actions should be instinctive, swift and informed; and only training and testing can give the self-confidence to respond decisively

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Let's look at some examples

Sources: ISO 22301, Business Continuity Institute, DNV GL's libraries

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Example 1
Human resources not available

- Disruption, being a pandemic, strike or physical impediment, could lead to issues in human resources availability.

- **Business impact analysis**
  - Identify **critical services and processes**, etc.
  - Identify **critical staff** necessary to conduct the business during emergencies and standing down.

- **Addressing risks and opportunities**
  - Develop a **succession plan** and specific delegations;
  - Ensure **job descriptions** of key staff are up to date to facilitate use of **employment agencies** to fill vacancies;
  - Identify and **train backup staff** for critical activities to allow any business transfer strategy.

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Example 1
Human resources not available

- **A potential BCP could include:**
  - Ask staffing agencies for plans for degrees and speed of absenteeism and loss, temporary or permanent;
  - Make sure employees clearly understand their roles and responsibilities within Business Continuity and Crisis Management;
  - Review policies such as LoA, absenteeism, sick leave, travel, closures and recall of non-critical employees & families from affected countries.
  - Review and embed remote working policy and arrangements;
  - Set up reporting channels for employees' status and enquiries, respecting applicable privacy laws;
  - Evaluate travel restrictions;
  - Alternative site recovery strategies (be prepared contractually)
  - Validate employee and customer contacts for updates and evaluate mass notification systems (e.g. SMS, mail, mobile, voice, apps).
  - Set up tele/videoconferencing services and increase capacity or remote access facilities

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Example 2
Logistic & Distribution Disruptions

- Disruption, being a pandemic (or strike, physical impediment, financial or political situation) can lead to logistics disruptions, with risks to both production and delivery to customers

- **Business impact analysis**
  - Identify **critical supply chains and delivery** chains
  - Identify **critical logistics suppliers** necessary to conduct the business during emergencies and standing down;

- **Addressing risks and opportunities**
  - Identify **alternative logistics**
  - Ensure inventories can cope with escalating risk situations
 - Consider intermediate logistics, Distribution Centers or suppliers
  - ...

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Example 2
# Logistic chain shortage

- **Business continuity plans**

  - **Engage** backup suppliers (communication and activation)

  - **Alert** and assign logistic partners or plants with warehouses to avoid delivery non-critical customers

  - **Increase** buffer stock during early signs of disruptions

  - Define treasury requirements to **ensure liquidity** when using "Cash on Delivery" suppliers

  - Develop a **prioritization plan** for product and service delivery for customers if service delivery is reduced;

  - Develop and deploy a **Customer Alternative Delivery plan**;

  - Anticipate local and national restrictions, to evaluate any **hindrance on people, goods and services**;

  - Limit geographical concentration and avoid single points of failure (SPOF) through redundancy, as part of an accurate impact analysis.
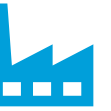
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Example 3
Operations capability reduction

- Disruption, being a pandemic, strike or physical impediment, financial or political situation, could lead to shortages in capability to **deliver products and services**. This could impact delivery to **critical customers and *future markets***.

- **Business Impact Analysis**
  - Identify critical customers, services and products, with assumption of disruption scenarios
  - Identify critical customers, supply chains, services and products and critical physical plants;
  - Etc.

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Example 3
Operations capability reduction
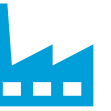
- **Addressing risks and opportunities**
  - Identify alternative production plants OR delivery plans
  - Plan inventories for increasing risk levels
  - Provide **production and delivery alternatives during re-design** of products / services
  - Agree different SLAs with customers for emergency situations, and/or alternative delivery and products
  - Ensure sufficient capacity, materials or products for **timely production and delivery**;
  - Ensure that alternative sources are identified for critical services, materials or products;
  - Ensure that maintenance suppliers, contractors and spares are available;
  - Evaluate insurance coverage
  - Verify clauses in the agreements
  - Improve industry 4.0 automation / remote / virtual

Example 3
# Operations capability reduction
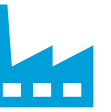
- **BCPs**

  - Develop a product and service production / delivery prioritization plan

  - Hold buffer / emergency safety stock of materials, critical components, finished products;

  - Commuting Plan movement of critical workers and equipment to and from work locations;

  - Alternative productions sites

  - Engagement of backup suppliers, who could produce for us part or a complete set of products

  - Ensure sufficient levels of cashflow to make payments;

  - Consider special short-term delegation or changes to authority levels

  - Plan remote delivery of services, remote control of production plants

  - Plan minimal requirements of staffing, and provide possible backups

  - Plan changes in shifts during reduced production capabilities

  - Identify the relevant stakeholders, key messages for each, and prepared media statements as needed

# DNV GL's self-assessment tool

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The On-Line Self Assessment Suite

- DNV GL's **Self-Assessment Suite** is an online tool allowing companies to run professional self-assessments focused on specific management system standards, check-lists or risk areas, and generate comprehensive readiness scored reports of company performance.

- The **Rapid Check Protocol on Business Continuity** is now available, in order for you to get a baseline indication of your maturity level in managing such risks

- The Protocol is a simplified version of concepts derived from globally recognized standards, and some concepts could have been modified for a better comprehension and usability into the tool
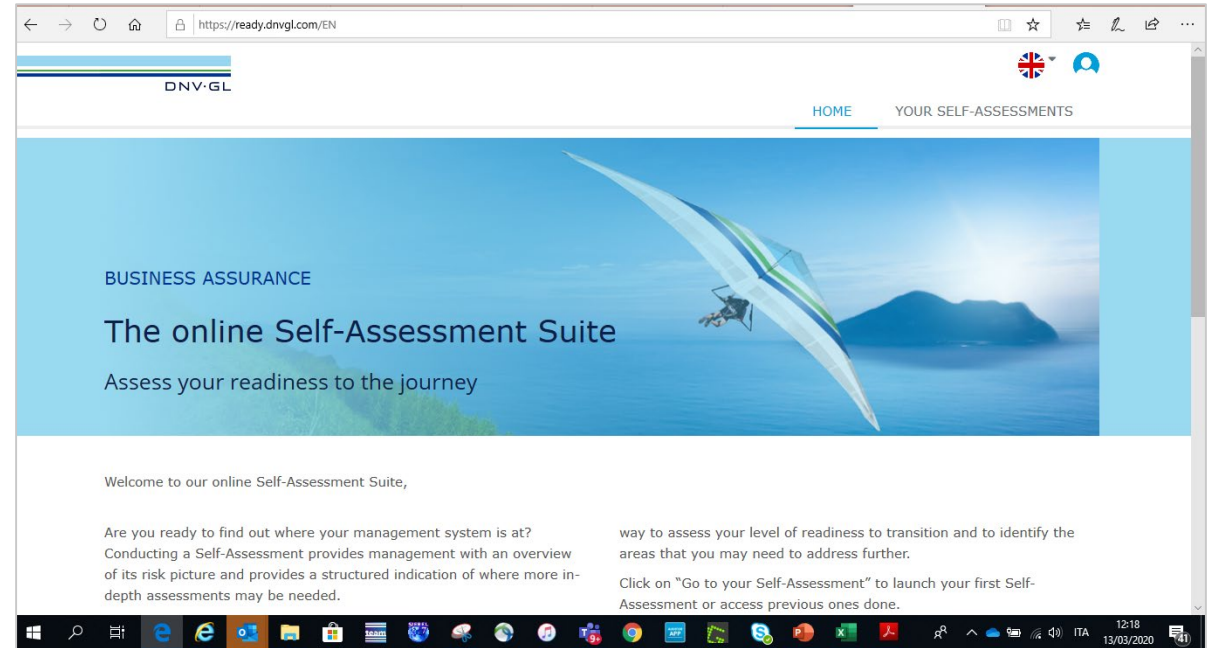
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The online self-assessment suite

- Login at www.ready.dnvgl.com with your personal set of credentials that you will receive from DNV GL Business Assurance approximately 2-3 days after the conclusion of the webinar.

- Choose the **BC Rapid Check Protocol** and start **New self-assessment**.
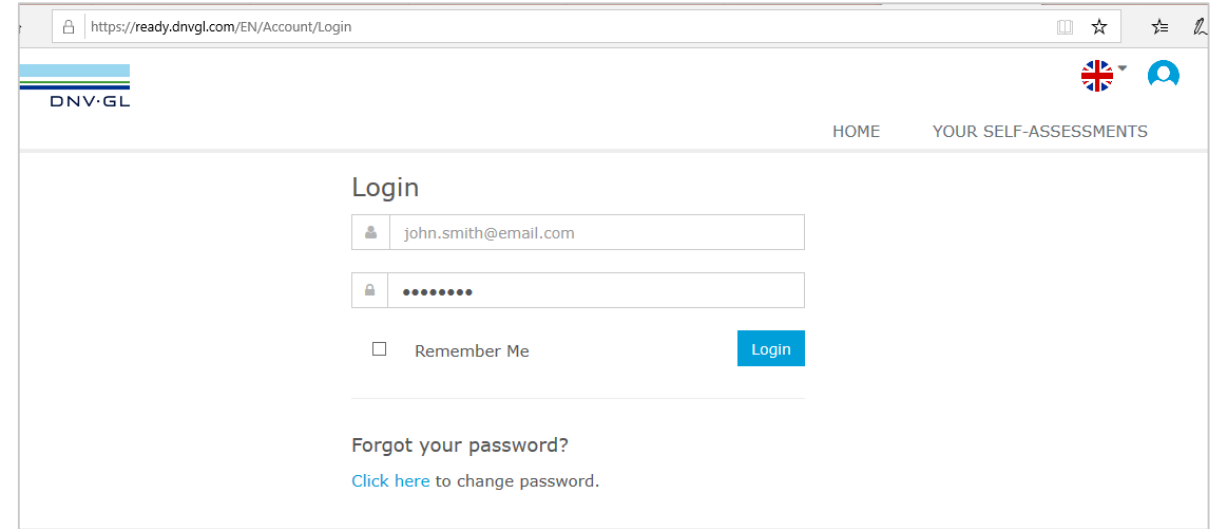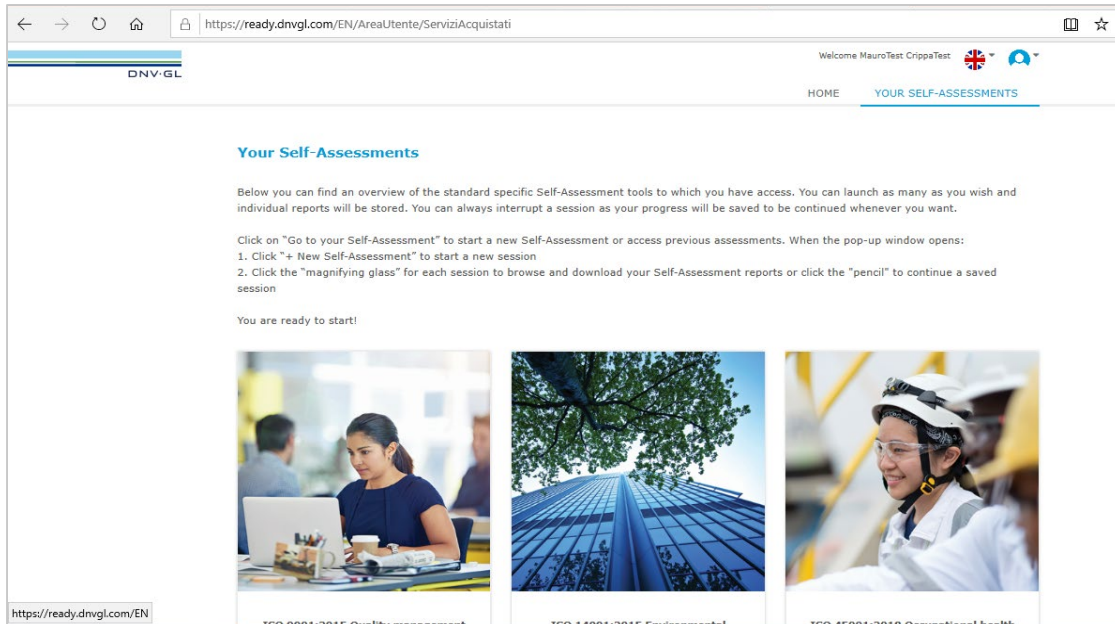
The online self-assessment suite, continued

Start going through the **questions**, assign **scores**, and add your input for **identified areas of improvement** or **noteworthy efforts** for available best practices.

The check-list questions are grouped in **Areas/Processes**

You need to assess each and all the questions and **assign a score (0 to 100)*** by scrolling the scoring bar.

*0% requirement not implemented
25% implementation has just started
50% actions planned to meet the requirement
75% actions implemented to a satisfactory degree
100% actions effectively implemented

When the percentage of completion is 100%, you are allowed to generate and download the **report**

This Self-Assessment tool determines the status of your Management System based on the requirements of the selected Standard.

How to work with the Self-Assessment tool

Strategy

Leadership

Risk Management

Life Cycle

Communication

Environmental Performance

Management System

PERCENTAGE OF COMPLETION: 4 %

✔ Complete Self-Assessment

4.1 - Understanding the organization and its context

Does the organization determine external and internal issues (relevant to its purpose and affecting its ability to achieve the intended outcomes of its environmental management system)? Do such issues include environmental conditions being affected by or capable of affecting the organization?

Comment...

4.2 - Understanding the needs and expectations of interested parties

Understanding the needs and expectations of interested parties
Does the organization determine:
a) the interested parties that are relevant to the environmental management system?

Comment...

Understanding the needs and expectations of interested parties
Does the organization determine:

0

50

75

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The self-assessment report

- The score assigned to the questions is used to calculate and develop the **self-assessment report**

- It shows:
  - General **degree of control** (or readiness score)
  - Degree of control by area/process
  - Detailed score

- You can either browse the report online or download it as a **pdf.**

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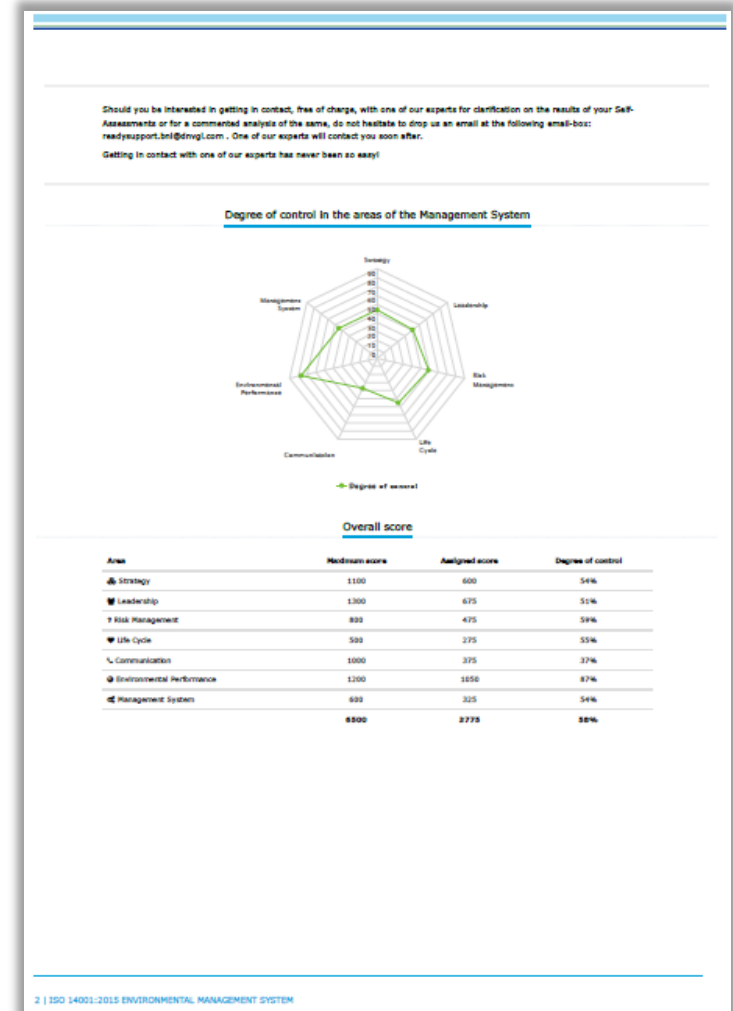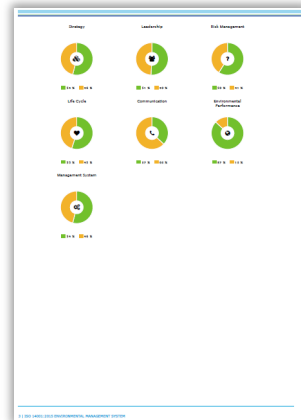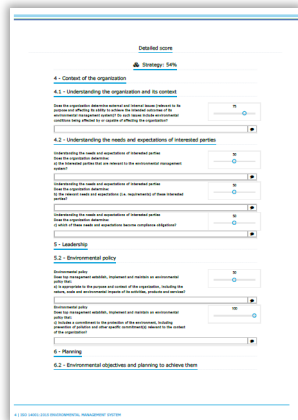
Framework built on the ISO 22301 standard

- Our framework and self-assessment tool is built on the best-practices and requirements in the **Business Continuity Management System standard ISO 22301**.

- When implemented, the requirements provide:
  - A clear understanding of how your organisation operates,
  - where failure might occur,
  - and provides improvement points for your business processes.

- Provides a generic framework offering a structured approach for assessing, planning and testing contingency plans to build organizational resilience.

- Helps you understand critical processes across key areas such as production, finance, the supply chain, health and safety, and security.

- **Applicable to:**
  - Any type of organisation, large or small.
  - Any industry sector.

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Bibliography

- The BCI www.thebci.org
- The International Organization for Standardization (ISO) www.iso.org
- The European Union Agency for Cybersecurity (ENISA) https://www.enisa.europa.eu
- The Continuity Central www.continuitycentral.com
- ResearchGate www.researchgate.net
- McKinsey https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/Risk/Our%20Insights/COVID%2019%20Implications%20for%20business/COVID%2019%20March%209/COVID-19-Facts-and-Insights-March-9-2020-v2.ashx

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Polling Question

Select all that apply

Based on your day to day work, where are you feeling the greatest impact from global disruptions on your business continuity?

A. Supply Chain

B. Within my own organization

C. Go to market strategy

D. I don't know

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Q&A

Crisis Management Services

Infection risk management

Companies must prevent and mitigate infection risk from emerging pathogens to keep employees and customers safe.

Supplier qualification during a crisis

The outbreak of COVID-19 is forcing companies to find new ways to qualify, assess and manage suppliers in their value chains.

Crisis management plan implementation

A structured crisis management plan enables companies to protect their employees and business.

Working from home assessment protocol

With employees working from home becoming the "new normal", it is essential to know that your employees are doing so in a consistently secure manner.

Business Continuity

Tools and services to support companies mitigate risks under extreme pressure and volatile conditions.

Remote auditing

Our remote audit capabilities enable effective and efficient activities where and whenever needed.

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Our next Business Continuity Webinars in the Series

Business continuity in times of crisis	**May 15**	**8:00 am CDT**	More info and register here
ISO 22301 – the business continuity management standard	**May 22**	**8:00 am CDT**	More info and register here

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DNV GL – Business Assurance: Business Continuity

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www.dnvglcert.com

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