



# Internal Compliance Program – Series (10) – Describing your customer base

Today, in the tenth article in the hands-on practical advice series on Internal Compliance Programs for Export Control:

## Part 10: Risk Assessment – Company Profile – Describing your customer base

In the risk assessment chapter, you have explained your company profile and business activity. Let's move now to your most important asset: your customers.

Tell your readers a maximum about your customers. Names are not required, but provide a total number of customers. In what industries are they active? Are your customers the end-users of your products? Or are they intermediaries or distributors? Are they integrating your goods into their own articles that themselves are subsequently put into further articles prior to sale to the final end-user? Are your customers re-exporting to other countries? Have you obtained end-use certificates from your customers?

The nature of your customers is clearly a risk criteria. If they are end-users, you are mastering the end-use of your products. If, however, your products are resold or integrated into other goods, you have more difficulties in tracing the shipment route and end-use, which means more risks from an export control compliance point of view.

Where are your customers located? What is the proportion of customers inside / outside the EU? Who are the countries where most of your customers are established? Use graphs to show main results of this assessment, and do it by business unit and/or product category. Make also an assessment regarding non-EU countries, by detailing in how many sanctioned countries (subject to embargoes) and sensitive countries (as regards proliferation, arms embargo and respect of human rights) your customers are located. A good business practice is to insert a table, per product category, with country name and code, EU/third country, number of shipments (over the last 3 years), quantity, value, number of customers, and rank. Say a word also if your marketing policy results in excluding certain countries from your target list.

What is the relationship with your customers? How many customers are long-known clients, how many are new customers? What is the proportion of repetitive sales, compared to single transactions? Do you sell through an e-commerce shop? If yes, what is the proportion of such sales compared to total sales figures? A stable customer base is an important asset in risk determination, and is worthwhile mentioning.

