

Element 1: Management Commitment Policy

OBJECTIVE: To convey a clear commitment toward compliance with the EAR and U.S. export controls by senior management to all employees involved with export/reexport transactions. An important component of this commitment consists in providing sufficient time, money and personnel to make the compliance program effective.

PROCEDURE: One of the first steps of demonstrating strong management support of compliance with export control regulations is for a senior management official to personally establish commitment to a company export control policy. Although there are many different options for communicating company policies to employees, it is recommended that the policy be established in a written format. This formal statement should be disseminated to all employees who work in export-related functions as well as others involved in the order process and transfer of the items. See Element 2 for a list of departments to consider.

The formal statement should be included in your written EMS Manual as the foundation of the EMS. Senior management, preferably the president, owner of the company or the chief executive officer, should be the responsible party for issuance of the statement. Senior management is also responsible for providing the relevant corporate policies, organizational structure and resources to carry out an effective EMS. A signed statement communicates the importance of the export control responsibilities (to the signatory as well as the employees).

Issuance of a policy statement by management or owners demonstrates the importance of complying with export control requirements. For exporting companies, regardless of size, it highlights the fact that compliance with export regulations is essential to protecting a company's future. The policy statement of commitment to export controls should include the following types of policies:

- A statement communicating the importance of compliance for your company and for the country.
- Under no circumstances will sales be made contrary to U.S. export regulations. Special care should be taken to prevent transactions with entities involved in the proliferation of weapons of mass destruction.
- Any question concerning the legitimacy of a transaction or potential violations should be referred to the responsible official.
- A description of penalties (corporate, criminal, and administrative) applied in instances of compliance failure.

The policy statement can be reinforced through a continuing education program. ([See Administrative Element 4](#)) Other important vehicles for the communication of the policy statement of commitment to export controls include:

- ◆ new employee orientation
- ◆ in-house publications
- ◆ training and/or procedures manuals

Ongoing management commitment could be reinforced through intermittent postings on your company intranet if that is a more effective method of communication. Perhaps, a video tape or telecast session with the CEO addressing all employees is a method that would work within your company. Or, you may consider combining a formal written statement, video training tapes, employee ethics brochures, posters, e-mail communications and video conferences throughout the year.

It is suggested that the upper management formal statement be communicated to employees at least on an annual basis to maintain awareness of export controls. For monitoring purposes, it is suggested that you date each statement. The signature, name and title of the official add to the value and commitment of the statement.

Creating a procedure to reissue the statement on an annual basis ensures that the formal statement will remain current. Further, if the names of any other individuals identified in the management policy statement change prior to the annual redistribution, the statement should be reissued. One way to avoid paper revisions of the policy statement due to personnel changes is to use the title of the “responsible official” within the statement and refer to an export control organizational chart on a company intranet site that maintains current information. Many companies are moving away from paper manuals and procedures and are posting their entire EMS procedures on their company intranet site. If you do this, your EMS procedure should name an action person responsible for maintenance of the site export regulatory and compliance personnel information to ensure it remains current.