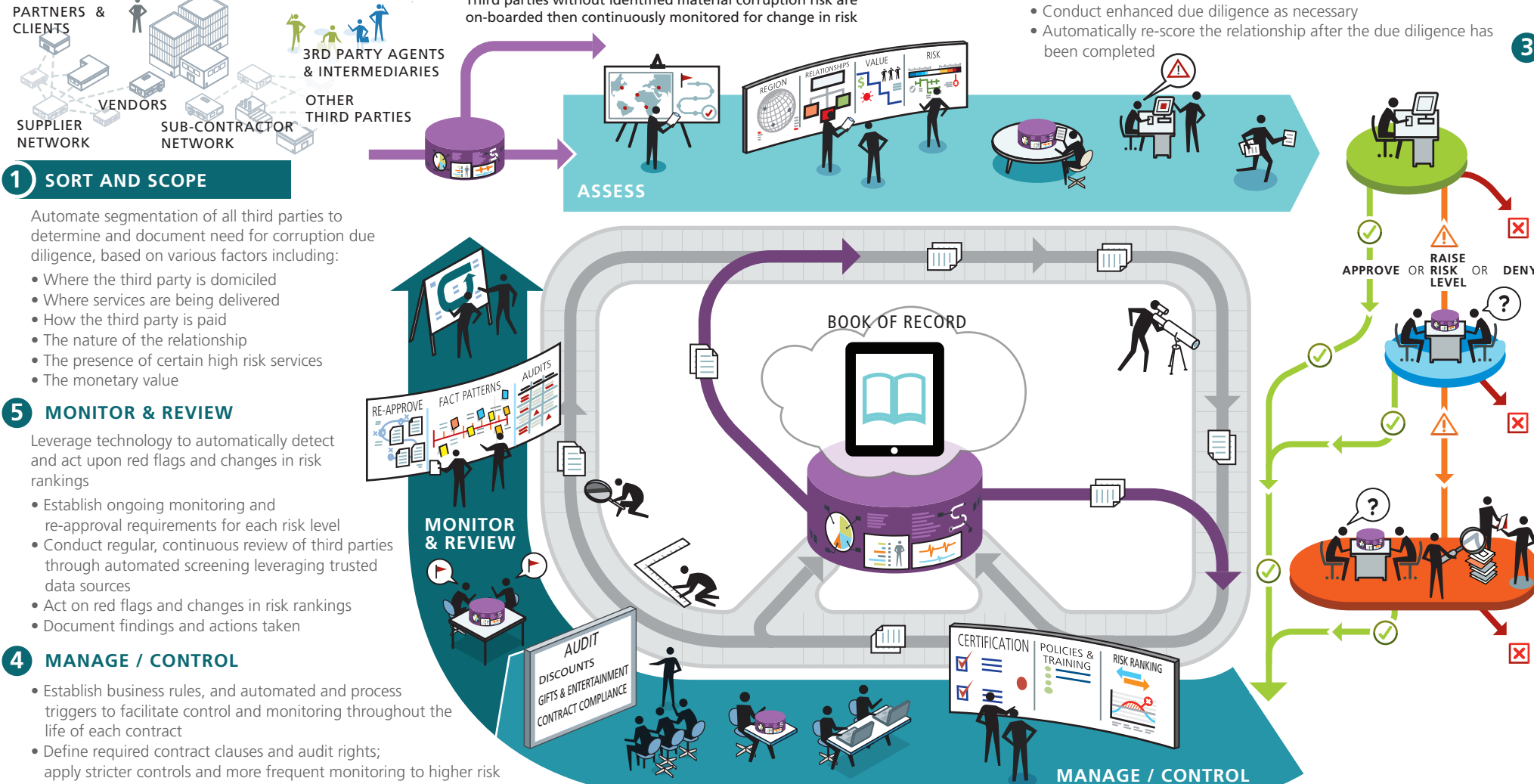




Third Party Anti-Corruption Management

Managing third parties for bribery and corruption risk requires a consistent, technology supported approach to assessing risk, conducting due diligence and analysis, delivering training, invoking controls, ongoing monitoring, and periodic re-evaluation. A consistent method to risk score each relationship and a book of record for each third party ensures a systemic understanding of relevant information and a well documented audit trail.



1 SORT AND SCOPE

Automate segmentation of all third parties to determine and document need for corruption due diligence, based on various factors including:

- Where the third party is domiciled
- Where services are being delivered
- How the third party is paid
- The nature of the relationship
- The presence of certain high risk services
- The monetary value

5 MONITOR & REVIEW

Leverage technology to automatically detect and act upon red flags and changes in risk rankings

- Establish ongoing monitoring and re-approval requirements for each risk level
- Conduct regular, continuous review of third parties through automated screening leveraging trusted data sources
- Act on red flags and changes in risk rankings
- Document findings and actions taken

4 MANAGE / CONTROL

- Establish business rules, and automated and process triggers to facilitate control and monitoring throughout the life of each contract
- Define required contract clauses and audit rights; apply stricter controls and more frequent monitoring to higher risk entities, individuals and contracts
- Administer training for different third party audiences considering cultural issues and role-specific needs
- Require third party attestation to code of conduct
- Require periodic re-evaluation appropriate for each risk level
- Document all actions and decisions

2 CONDUCT DUE DILIGENCE

Evaluate and document the level of risk for each party:

- Relationship assessment by the line of business
- Due diligence questionnaire from the third party
- Screen for disbarred individuals/businesses, political exposure, negative news and state ownership
- Conduct enhanced due diligence as necessary
- Automatically re-score the relationship after the due diligence has been completed

3 APPROVE / DENY / APPROVE WITH CONDITIONS

Establish low/high or more detailed risk categories, then automate scoring and document ranking, approvals and required conditions/controls for each party. Revisit on a frequency driven by the risk score and monitoring.

- LOW RISK - Level 1 Due Diligence**
Trusted Data Source Screening:
Look at:
 - Published convictions, penalties and sanctions
 - Politically Exposed Persons (PEPs)
 - State Owned Enterprises (SOE's)
 - Negative news, public information and social media
- MODERATE RISK - Level 2 Due Diligence**
Enhanced Evaluation
Level 1 activities plus consider:
 - Additional trusted databases
 - In-country public records
 - Detailed background reports
 - Interviews and questionnaires
- HIGH RISK - Level 3 Due Diligence**
Deep Dive Assessment
Level 1 and 2 activities plus:
 - Audit and review of third party controls and financial records
 - Detailed interviews of references, political associates, business associates
 - Investigative background reports leveraging local data sources

TOP 10 BENEFITS

- ★ Protect reputation and revenues; reduce risk of litigation and likelihood of corruption
- ★ Proactively manage third party risk consistently and objectively enterprise-wide
- ★ Demonstrate to regulators that a thorough closed-loop system is in place to continuously evaluate all third parties
- ★ Keep a clear view of the entire third party network of your organization
- ★ Establish consistent risk scoring to apply appropriate training and controls
- ★ Ensure consistent and effective oversight and enforcement of your rules throughout the extended enterprise
- ★ Maintain an up to date audit trail and complete information database
- ★ Address all corruption legal requirements and organizational standards
- ★ Automate your ability to prevent, detect and remediate risk
- ★ Reduce the cost of your anti-corruption capability and maximize human capital

REMEMBER OVERSIGHT AND ORGANIZATION

Ensure availability of resources and assignment of responsibilities and authority to:

- Develop and update standards based on legal requirements and entity values
- Define and ensure compliance with risk ranking and control processes
- Determine response and remediation when red flags arise
- Deliver reports and respond to requests for information from governing bodies

CLOSE THESE COMMON LOOPHOLES

1. Assess All Third Parties

- Don't leave out those you think of as "just vendors"
- Integrate with enterprise systems to establish a closed loop that feeds every third party into the process
- Implement an automated on-boarding system to apply selection, vetting and oversight controls

2. Manage Multi-level Relationships

- Don't stop at the business entity level; consider the individual relationships (contracts, engagements, SOWs, etc.)
- Evaluate every touch point; there may be multiple parties to a relationship from your side and from the third party, buried in different divisions, subsidiaries, geographies

3. Focus on 'Fourth' Parties

- Determine if goods and services are being delivered directly by the third party or subcontracted to a fourth party
- Audit the controls that are in place to vet and manage subcontractors
- Contractually require third parties to get your approval to utilize subcontractors, potentially with conditions
- Collect fourth party data from your third parties