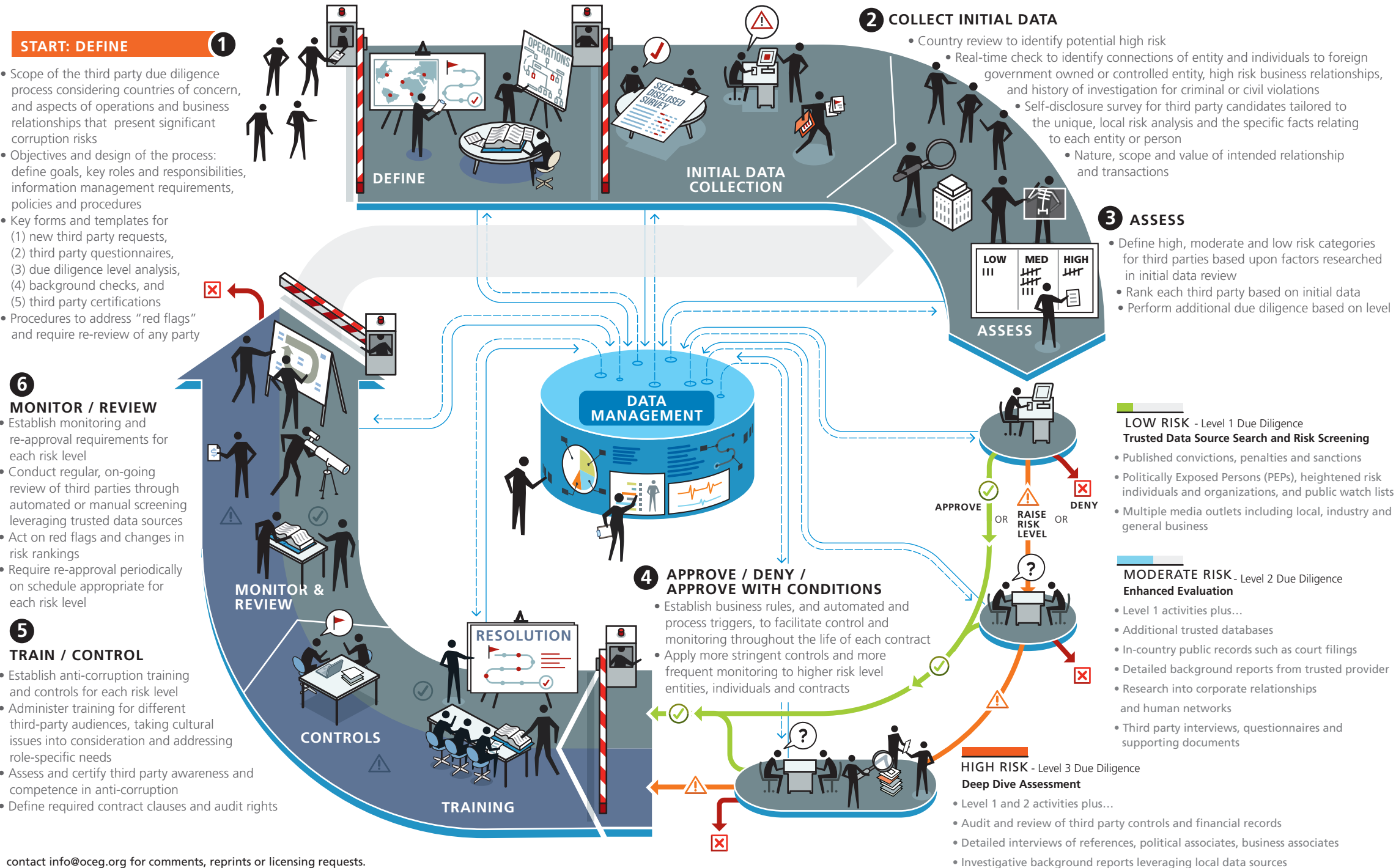


Third Party Anti-Corruption Due Diligence



Global organizations may have thousands of third party relationships that present corruption risks. An effective worldwide anti-corruption program must include comprehensive and consistent due diligence in the selection of agents, suppliers and other partners; and methods for monitoring and evaluating compliance once they are on-boarded. This demands a proportionate approach to ensure the right level of process is applied to each.



1 START: DEFINE

- Scope of the third party due diligence process considering countries of concern, and aspects of operations and business relationships that present significant corruption risks
- Objectives and design of the process: define goals, key roles and responsibilities, information management requirements, policies and procedures
- Key forms and templates for (1) new third party requests, (2) third party questionnaires, (3) due diligence level analysis, (4) background checks, and (5) third party certifications
- Procedures to address "red flags" and require re-review of any party

2 COLLECT INITIAL DATA

- Country review to identify potential high risk
- Real-time check to identify connections of entity and individuals to foreign government owned or controlled entity, high risk business relationships, and history of investigation for criminal or civil violations
- Self-disclosure survey for third party candidates tailored to the unique, local risk analysis and the specific facts relating to each entity or person
- Nature, scope and value of intended relationship and transactions

3 ASSESS

- Define high, moderate and low risk categories for third parties based upon factors researched in initial data review
- Rank each third party based on initial data
- Perform additional due diligence based on level

4 APPROVE / DENY / APPROVE WITH CONDITIONS

- Establish business rules, and automated and process triggers, to facilitate control and monitoring throughout the life of each contract
- Apply more stringent controls and more frequent monitoring to higher risk level entities, individuals and contracts

5 TRAIN / CONTROL

- Establish anti-corruption training and controls for each risk level
- Administer training for different third-party audiences, taking cultural issues into consideration and addressing role-specific needs
- Assess and certify third party awareness and competence in anti-corruption
- Define required contract clauses and audit rights

6 MONITOR / REVIEW

- Establish monitoring and re-approval requirements for each risk level
- Conduct regular, on-going review of third parties through automated or manual screening leveraging trusted data sources
- Act on red flags and changes in risk rankings
- Require re-approval periodically on schedule appropriate for each risk level

LOW RISK - Level 1 Due Diligence
Trusted Data Source Search and Risk Screening

- Published convictions, penalties and sanctions
- Politically Exposed Persons (PEPs), heightened risk individuals and organizations, and public watch lists
- Multiple media outlets including local, industry and general business

MODERATE RISK - Level 2 Due Diligence
Enhanced Evaluation

- Level 1 activities plus...
- Additional trusted databases
- In-country public records such as court filings
- Detailed background reports from trusted provider
- Research into corporate relationships and human networks
- Third party interviews, questionnaires and supporting documents

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

WHO IS A THIRD PARTY?

SUPPLY AND SALES CHAIN

- Suppliers/Custom Manufacturers
- Agents/Representatives
- Resellers/Distributors
- Customers

REGULATORY FACILITATORS

- Vehicle licensing agents
- Visa processors
- Customs brokers
- Freight forwarders

PROFESSIONAL SERVICES

- Lobbyists
- Lawyers
- Accountants
- Consultants
- Travel agencies
- Real estate agents

PROGRAM PRINCIPLES

IS YOUR PROGRAM REASONABLE?

- Don't interfere with operations or be a burden on the business.

IS YOUR PROGRAM CONSISTENT?

- Establish standardized processes that apply to all areas of the business everywhere in the world. Incorporate standardized forms and templates to drive consistency.

IS YOUR PROGRAM RESPONSIVE?

- Support transparent and sound decision-making with strong management oversight and robust reporting.

IS YOUR PROGRAM INDEPENDENT?

- Minimize potential conflicts of interest and ensure decisions are objective.