



REFINITIV DUE DILIGENCE

Third-Party Risk Reports

The third-party risk landscape

All companies use third-parties to enable them to run their businesses. Whether they supply them with goods and services, move their products to market or expand their channels to customers, third-parties can undoubtedly bring exceptional benefits to any organization, but at the same time also introduce a host of potential risks and challenges.

Any organization associated – even indirectly – with compliance, integrity, ethics or other breaches could face significant regulatory and reputational damage. Understanding the full range of risks associated with third-parties is therefore critical.

A 2020 Refinitiv survey of nearly 1,800 global third-party relationship, risk management and compliance professionals revealed that organizations typically engage with vast numbers of third-parties – the average number of third-party relationships was recorded as 9,735 – however, 43% of third-parties do not undergo due diligence checks.

This points to clear gaps in formal compliance, and highlights that many organizations continue to leave themselves vulnerable to third-party risk.

Refinitiv Due Diligence new Third-Party Risk Reports offer comprehensive insights into a wide range of potential risks typically associated with third-parties. Our reports deliver accurate, clear and detailed information to help organizations make informed risk decisions quickly, efficiently and cost-effectively.



What do you need to know about your third-parties?

Some of the specific risks that should be considered before engaging with any third-party include:



Can I work with them? (Sanctions and Exclusions)

Understanding which individuals and companies have had restrictions placed on them by governments and regulators is an essential first step when assessing your third-parties.



Should I work with them? (Integrity)

Understanding the integrity of your third-parties helps you decide whether they will be a good partner who matches your own standards and codes of conduct. Risks which are relevant here may include links with organized crime, bribery and corruption, fraud, money laundering, terrorism financing or even serious tax non-compliance.



Are they who they say they are? (Identity)

Third-parties should be transparent in the provision of details and information relating to their ownership, employees, operations, and more. A lack of transparency could indicate potential issues, such as links to politically exposed persons (PEPs), political dealings, or corruption. Third-parties should also be providing source of funds or source of wealth (SoW) information.



Will they cause me financial harm? (Financial)

It is important to establish the financial health and stability of any third-party. It is equally important to uncover any financial irregularities that may exist before beginning a business relationship.



Will they harm themselves, the environment or others? (ESG)

Increasingly, businesses are factoring environmental, social and governance (ESG) factors into their corporate decision-making. This means that ESG-related risks – such as any form of environmental degradation, human rights abuses, links to modern slavery, animal welfare breaches or poor employment practices should be taken into account when conducting due diligence on a third-party.



Will they look after my data? (Cyber)

Organizations need to ensure that third-parties will not misuse any intellectual property or confidential information disclosed to them; that such parties will respect and adhere to data privacy regulations; and that they will take adequate steps to ensure data security.



Can they do the job? (Operations)

Organizations should research whether third-parties have an industry presence; whether they have a reputation for quality product/service provision; whether they adhere to sound operational practices; and whether they have business continuity plans in place.

Due diligence to investigate and rate a range of risks

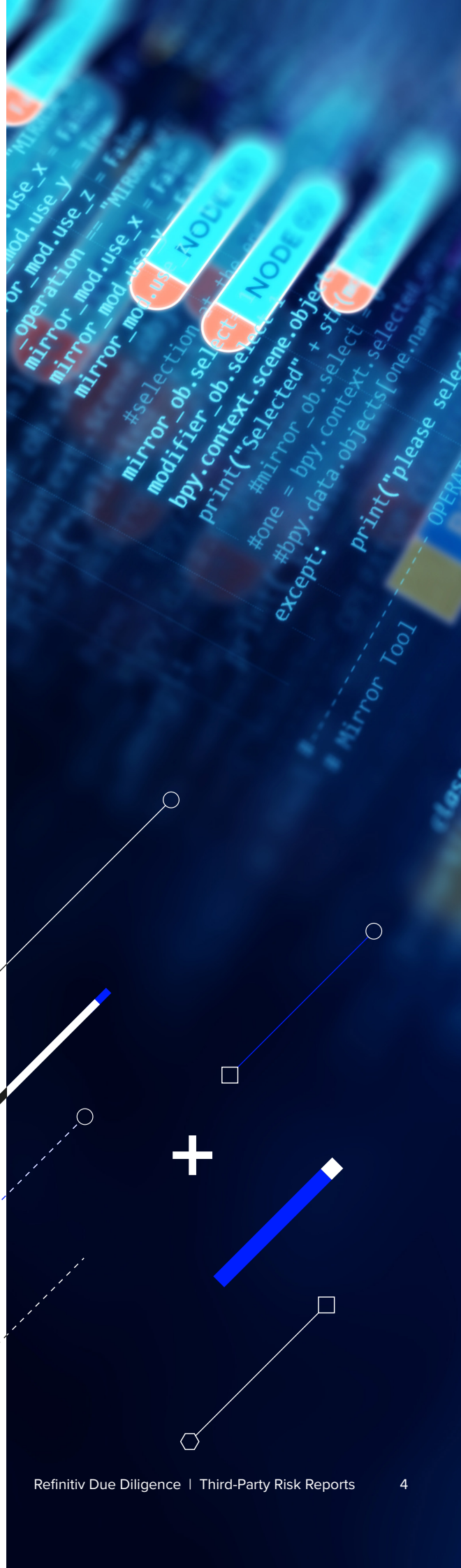
Our new Third-Party Risk due diligence reports offer accurate, quality insights into these and other potential risks associated with third-parties.

We offer 4 distinct reports: Basic, Core, Advanced and Premium

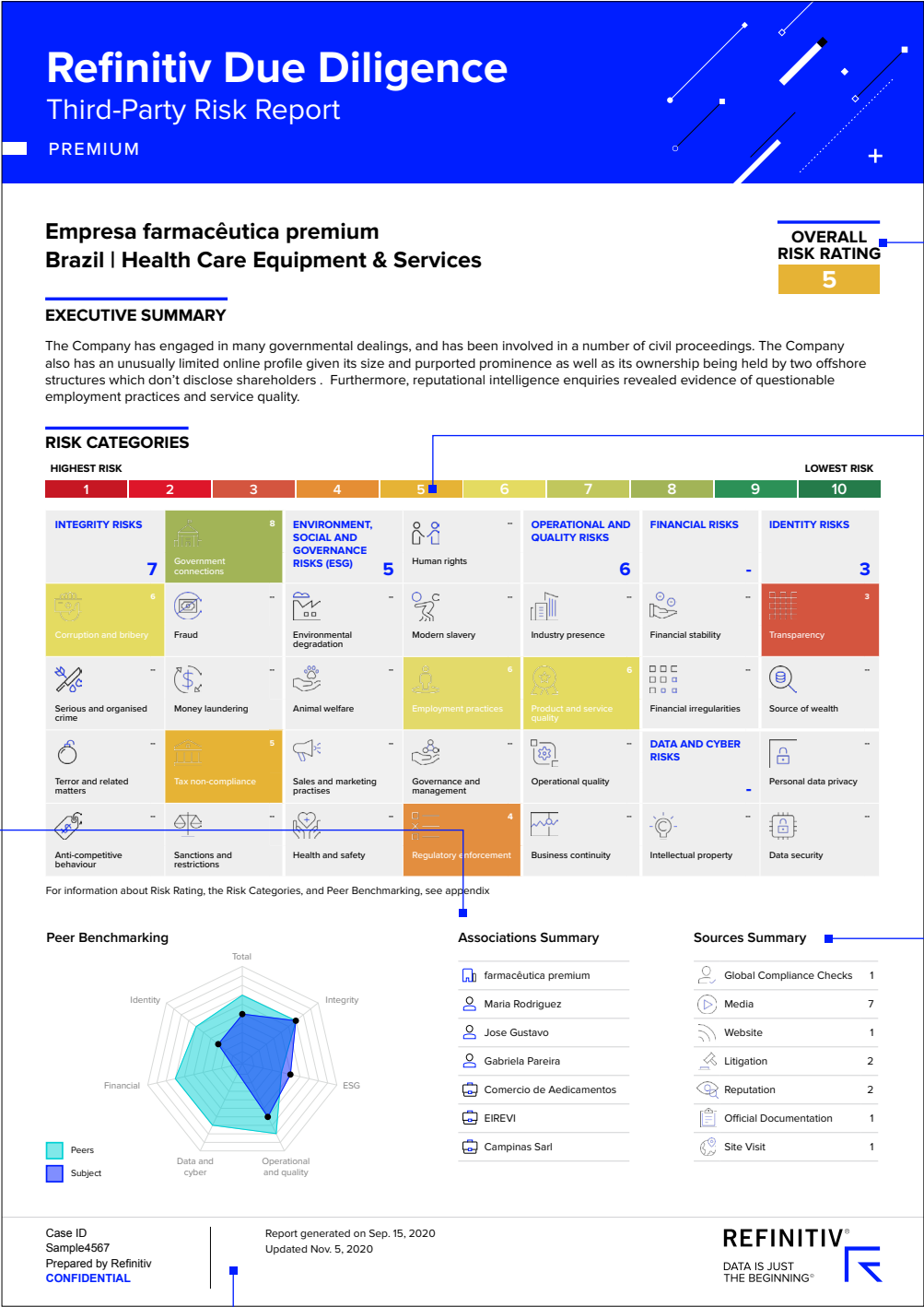
Each report type caters to different client requirements and perceived levels of risk, but all reports cover the key risk categories outlined above.

To enable more informed decision-making, risk ratings are prepared, and risks are rated from 1 to 10, with ratings determined by a range of factors – including:

- The reliability of data sources
- The timing of the issue
- The centrality of the issue to the business
- The severity of the result
- Any noted pattern of risk
- Any remediation undertaken



Risks revealed at a glance



Risk rating

1-10 the lower number higher the risk

Risk Table

Which categories and specific risks make up our views and ratings.

Associations summary

People and entities included in this review

Sources summary

Sources looked at (instructions per scope)

Footer

Information about the report and how to contact us

Tailored reports to suit your needs



Basic Report

Our Basic Report covers a World-Check search of the primary subject as well as a key individual and includes thorough media-based research in both English and the language of the subject, into all the questions we cover. This report is aimed at a quick review of low risk third-parties.

Information about all the other client questions is found using media research in both English and the local language targeting each of the risk areas with specific search strings



Core Report

Our Core Report includes all the research of the Basic Report plus additional searches against other controlling individuals. The report is aimed at providing a desktop review of medium risk third-parties, where it is important to gather official documentation.

About the Core level report

- Compliance information is gathered using a global compliance check on the subject plus an additional two principal individuals
- Information about identity is gathered from corporate registry records about the subject company and media sources
- Information about integrity is gathered from media research in both English and the local language as well as litigation, regulatory and law enforcement searches on the subject company and the two principal individuals.
- Information about the financial health of the subject is gathered from bankruptcy checks as well as statutory accounts found in the corporate registry filings. Media research may also provide further financial information
- Information about ESG risks is found using media searches as well as a summary of NGO actions from a dedicated ESG data source
- Information about cyber risks is found using media searches for breaches as well as a security rating from a cyber security data source
- Information about operational performance and risks is found using media searches

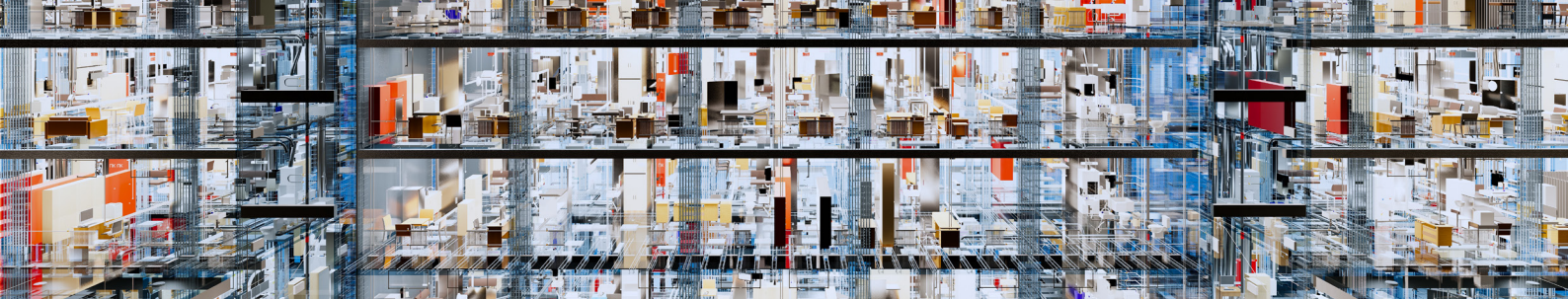


Advanced Report

Our Advanced Report includes all the research of the Core Report plus a review of a greater number of associated people and companies. It also extends the review into credit, ESG and cyber risks and is aimed at moderate to high risk third-parties who operate in locations where sources of public information are readily available.

About the Advanced level report

- Compliance information is gathered using a global compliance check on the subject plus an additional five controlling individuals and associated entities, giving a clear picture of the overall controlling interests
- Information about identity is gathered from media sources plus corporate registry records about the subject company, going up to three levels deep in the shareholding or finding all the owners individually holding greater than 25% of the shares.
- Information about integrity is gathered from media research in both English and the local language as well as litigation, regulatory and law enforcement searches on the subject company and the five principal individuals.
- Information about the financial health of the subject is gathered from searches against a credit ratings agency plus bankruptcy checks as well as statutory accounts found in the corporate registry filings. Media research may also provide further financial information.
- Information about ESG risks is found using media searches as well as a detailed summary of NGO actions and issues from a dedicated ESG data source
- Information about cyber risks is found using media searches for breaches as well as a security rating and key metrics behind the rating from a cyber security data source
- Information about operational performance and risks is found using media searches



Premium Report

Our Premium Report includes all the research of the Advanced Report plus on the ground reputational intelligence. Our Premium Report is aimed at high risk third-parties who operate in locations where sources of public information are not readily available.

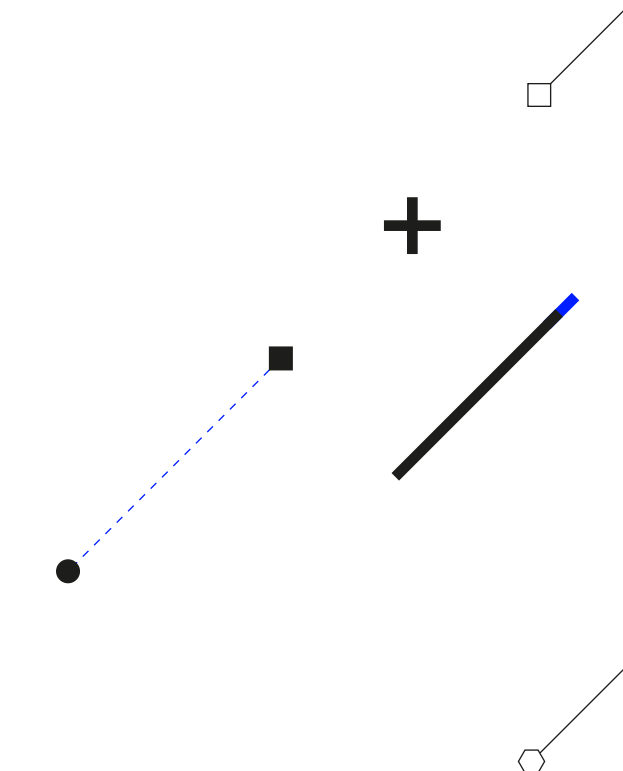
About the Premium level report:

- Compliance information is gathered using a global compliance check on the subject plus an additional five controlling individuals and associated entities, giving a clear picture of the overall controlling interests
- Information about identity is gathered from media sources plus corporate registry records about the subject company, going up to three levels deep in the shareholding or finding all the owners individually holding greater than 25% of the shares. Reputational intelligence enquiries can also inform the understanding of the ownership where official documentation is not enough.
- Information about integrity is gathered from media research in both English and the local language as well as litigation, regulatory and law enforcement searches on the subject company and the five principal individuals. Reputational intelligence enquiries are also used to understand integrity issues which had not been reported in the media, or to help clarify any information found.
- Information about the financial health of the subject is gathered from searches against a credit ratings agency plus bankruptcy checks as well as statutory accounts found in the corporate registry filings. Media research and direct enquiries may also provide further financial information.

- Information about ESG risks is found using media searches as well as a detailed summary of NGO actions and issues from a dedicated ESG data source
- Information about cyber risks is found using media searches for breaches as well as a security rating and key metrics behind the rating from a cyber security data source
- Information about operational performance and risks is found using media searches and often Advanced by the responses to reputational enquiries.

All reports include a review of client-provided documents, if required.

All media searches are completed in English, with the option of searches in additional local languages.



Why Refinitiv Due Diligence Third-Party Risk Reports?

Our Third-Party Risk Due Diligence reports deliver detailed analysis and accurate risk ratings, so that organizations can make informed decisions and engage third-parties with confidence:



Quality, holistic reports: our reports deliver accurate information and quality insights into a wide range of risks associated with third-parties



Quick turnaround: our basic reports can be turned around in as little as 2 business days, and even our most detailed reports are produced quickly and efficiently



Cost-effectiveness: reports are competitively priced and offer a cost-effective due diligence solution



Global coverage: we offer global coverage with the ability to conduct media research in local languages



Deep domain expertise from a trusted supplier: Refinitiv has over two decades of delivering invaluable due diligence support to the global financial and corporate sectors

Refinitiv is one of the world's largest providers of financial markets data and infrastructure, serving over 40,000 institutions in approximately 190 countries. It provides leading data and insights, trading platforms, and open data and technology platforms that connect a thriving global financial markets community – driving performance in trading, investment, wealth management, regulatory compliance, market data management, enterprise risk and fighting financial crime.

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