

ENHANCED DUE DILIGENCE FROM  
REFINITIV (EDD)

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# Managing supplier and third-party risk

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Vast, often global supply chains can leave organizations vulnerable to a range of potential risks. Organizations therefore need to fully understand the implications of engaging any new supplier or other third party and not only identify potential risk at the onboarding stage, but also monitor for change on an ongoing basis. Enhanced due diligence (EDD) reports from Refinitiv provide detailed background checks on individuals and entities, and can empower compliance teams to optimize their due diligence and protect their organizations from potentially devastating risk.

### **The supplier and third-party risk landscape**

A host of global regulations, including, but not limited to: the Foreign Corrupt Practices Act (FCPA); the UK Bribery Act (UKBA); and the U.S. Patriot Act, require organizations to develop and maintain a thorough understanding of the plethora of potential risks inherent in their often vast supplier and third-party networks.

The consequences of failure to comply with these regulations are significant, and include enforcement action, often hefty fines and potentially lasting reputational damage. Thorough background and integrity checks on all suppliers and other third parties are therefore crucial, as such checks empower

organizations to fully understand, assess and monitor the many potential risks to which they may be exposed.

Against this backdrop, Refinitiv research reveals that gaps in formal compliance persist: respondents to our 2019 survey revealed that, across the globe, over half (51%) of customer, supplier and partner relationships did not have an initial formal due diligence check at the onboarding stage.



# Drilling down: some examples of risk

Supplier and other third-party relationships can introduce a range of potential risks, but three pertinent examples follow.

## Regulatory risk

The consequences of failure to comply with global regulations are significant and, as already mentioned, include enforcement action, often hefty fines and even personal liability in certain cases.

Moreover, these regulations exist against a backdrop of pervasive financial crime: Refinitiv research further reveals that nearly three quarters (72%) of the organizations that participated in our 2019 survey were aware of financial crime in their global operations during the preceding 12 months.

## Reputational risk

Possibly the most damaging is reputational risk. World Economic Forum (WEF) research suggests that corporate reputation accounts for more than 25% of market value. Given this significant statistic, avoiding business relationships that could directly or indirectly lead to reputational damage is crucial.

## Business interruption risk

Of course, organizations should also not underestimate the implications of unplanned business interruptions. When a critical supplier experiences a major disruption, the effects can be far-reaching, and can potentially have a negative impact on both revenue streams and customer satisfaction levels. Taking a proactive approach to monitoring key suppliers in a changing risk landscape is therefore of crucial importance.



# Reports to suit your specific needs

Refinitiv offers a range of different reports to help organizations mitigate risk, secure their supply chains and simplify their due diligence processes.

We are also able to offer preliminary insights into which individuals or entities present heightened risk. Our Screening Resolution Service (SRS) highlights positive and possible matches for any customer identification program, with subjects screened against our World-Check Risk Intelligence database. This service can be used to gauge potential risk and indicate the type of report most suitable.

## Lite Report

This type of report offers an initial analysis when you need to form a basic understanding of a supplier's structure. The report is designed to screen subjects for major derogatory information and covers major compliance databases and media. It is ideal for clients requiring a low-cost, high-volume, rapid turnaround solution.

## Lite Plus Report

The Lite plus report includes everything in the Lite report with the addition of local language searches.

## Standard Report

Standard reports are ideal when you need more in-depth knowledge of a supplier. This report screens subjects for major derogatory information and identifies company

owners and directors. It includes foreign language content and local checks for litigation, bankruptcy and other red flag issues. It is ideal for clients concerned about FCPA or anti-money laundering (AML) requirements.

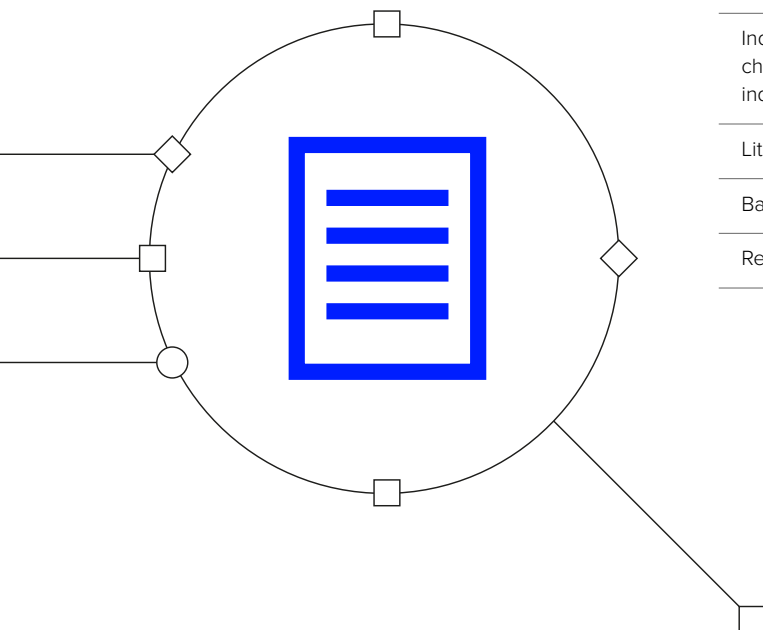
## Premium Report

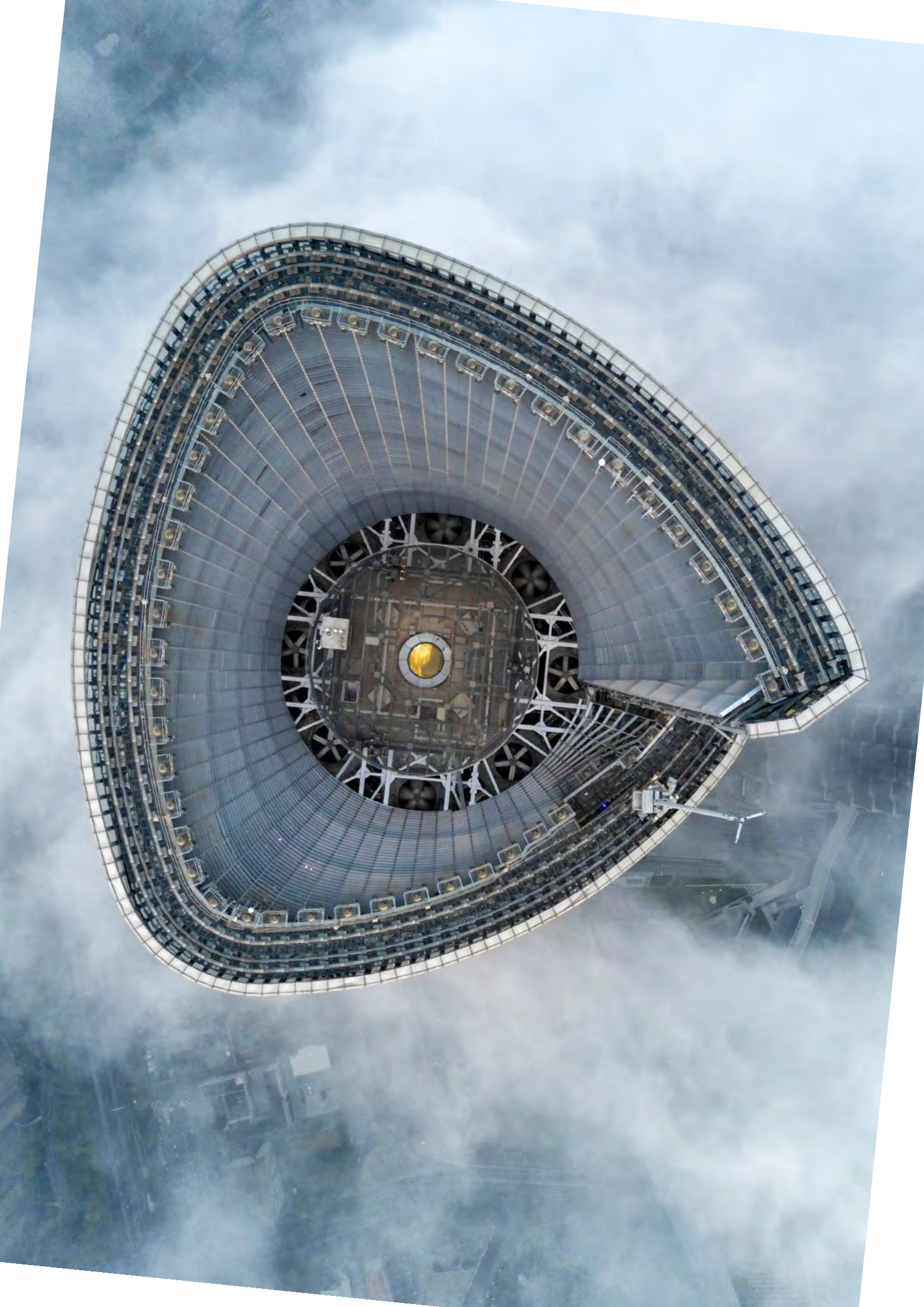
These EDD reports offer detailed information about your most critical or risky relationships, and should be used where standard due diligence is not enough. Our premium report includes all components of the standard report, and also adds background and information on the reputation of the subject, leveraging invaluable human intelligence and delivering critical insights. This needs to cover instances where the supplier is high risk, high value or has initial findings that bring into question legitimacy.



## An overview of our reports

RESEARCH ELEMENTS INCLUDED IN SPECIFIC REPORTS			
Lite	Lite plus	Standard	Premium
Exact name check only	Exact name check only	Full naming variation checks on all known and identified aliases	Full naming variation checks on all known and identified aliases
Negative English media and internet database checks	Negative English and local language media and internet database checks	Negative English and local language media and internet database checks	Full English and local language media and internet database checks
Global compliance checks	Global compliance checks	Global compliance checks	Global compliance checks
		Retrieval of official corporate records and company background analysis	Retrieval of official corporate records and company background analysis
		Individual business interest checks, directorship checks and individual background analysis	Individual business interest checks, directorship checks and individual background analysis
		Litigation checks	Litigation checks
		Bankruptcy checks	Bankruptcy checks
		Regulatory checks	Regulatory checks
			Executive risk summary and analysis
			Business intelligence and reputational source inquiries
			Ultimate beneficial owner (UBO) – identification of all physical persons holding a significant percentage of the company's shares





# About our Enhanced Due Diligence reports

Our EDD reports deliver targeted insights into potential business relationships, and crucially we offer customized reports that can be tailored to exact requirements. Reports focus not only on the company, its owners and its operating and litigation history, but also on key management and decision makers, scrutinizing their backgrounds, track records, competencies, potential conflicts of interest and political and criminal links. Business conduct and reputation history are also analyzed and a thorough search is made for hidden liabilities. If deemed necessary, additional intelligence can be gathered from industry observers.

Refinitiv boasts one of the largest in-house EDD analyst teams in the market and our global network comprises trusted professionals able to offer on-the-ground intelligence that takes into account the myriad implications of differing local environments and customs. This ensures that we can produce complete, consistent, high-quality output. Key staff are industry certified AML and anti-fraud specialists.

Moreover, we use only ethical and non-intrusive research methods and are committed to the principles of integrity and accountability.

Our overarching focus is on quality and all our research is conducted to strict service levels and stringent quality control.

## Tangible benefits

Our EDD reports are designed to enhance and simplify your processes, whilst protecting your organization.

Some specific tangible benefits include:

- Cost effective due diligence
- Data handling processes have PWC ISAE 3000 security certification
- Consistent level of report quality regardless of volume
- Turnaround times that are clear, predictable and adhered to
- Global coverage, enhanced by local knowledge
- Auditable proof of due diligence
- Strength in emerging markets with over two decades of research expertise
- Simplicity and security – online ordering and delivery options via online user interface and API solution

## Seamless integration

Our EDD ordering portal integrates seamlessly with existing applications and offers secure ordering and case tracking, with 24/7 access. The portal is also available via our dedicated API, which offers direct connection for a simplified and streamlined experience. Our API functionality includes risk tables to summarize EDD findings.

## Subscription plans

Instead of ordering due diligence reports on an ad hoc basis, you can also purchase a points package and select an invoicing plan that best suits your budget. The points included in each package provide for a set number of due diligence reports which can be ordered when needed. Each package also includes bonus points and any points not used are carried over to the next subscription without penalty. Users therefore benefit from a significant volume discount as well as a streamlined ordering and invoicing process.

# How Refinitiv can help you meet your regulatory obligations and make informed business decisions

## World-Check Risk Intelligence data

[refinitiv.com/en/products/world-check-kyc-screening](https://refinitiv.com/en/products/world-check-kyc-screening)

Help protect your business from financial crime and reduce risk by fulfilling your Know Your Customer (KYC) due diligence screening obligations with accurate and structured information. World-Check Risk Intelligence is used and trusted by the world's biggest companies.

## World-Check One

[refinitiv.com/en/products/world-check-kyc-screening/world-check-one-kyc-verification](https://refinitiv.com/en/products/world-check-kyc-screening/world-check-one-kyc-verification)

Simplify and accelerate your due diligence process and make remediation quicker and more intelligent. World-Check One is our award-winning screening platform which combines our purpose-built screening software with our proprietary World-Check Risk Intelligence data.

## Screening Resolution Service

[refinitiv.com/en/products/kyc-screening-resolution-service](https://refinitiv.com/en/products/kyc-screening-resolution-service)

A managed KYC, third-party and denied party risk screening service that highlights positive and possible matches for any customer identification program.

Find out more about enhanced due diligence from Refinitiv by contacting an advisor today and visiting [refinitiv.com/edd](https://refinitiv.com/edd)

Refinitiv is one of the world's largest providers of financial markets data and infrastructure, serving over 40,000 institutions in approximately 190 countries. We are new market pioneers with 167 years of confidence. We provide 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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