

Third-Party Risk Management on a Large Scale

Compliance Week Europe

14 October 2014



Building a better
working world

... risks ... what Risks?



- ▶ First of all, set the basis of **what are the critical risks** that need to be managed and monitored: strategic, commercial, environmental, financial, legal (risk aversion and business are usually aligned).
- ▶ Today's challenge is focuses **on doing business with the Right People**. Risk aversion might not always aligned with Business.
- ▶ Global companies compete on a **Global Play Field**, and should do so on the basis of **common rules**.

Where to Start



Sponsor (facilitates potential barriers: misalignment between Business and Risk Aversion). **Ethics Committee?**

Understand **what is currently being done**

Assess the **Organization Readiness**

- ▶ Centralized vs decentralized decision making (investments, purchases, corporate transactions, partnerships; functional vs hierarchical dependencies, segregation of duties, master data maintenance ...).
- ▶ Understand the **‘size’ of the problem**
- ▶ **Clearly setting the rules** (Sponsor)

Defining, among others, Who and What?

WHO?

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- ▶ Administrator, executive directors
 - ▶ Corporate M&A, JVs
 - ▶ Investments
 - ▶ Agents, facilitators
 - ▶ Consultants subcontractors
 - ▶ Distributors, suppliers, customers (risk based approach)
 - ▶ Other

Not all

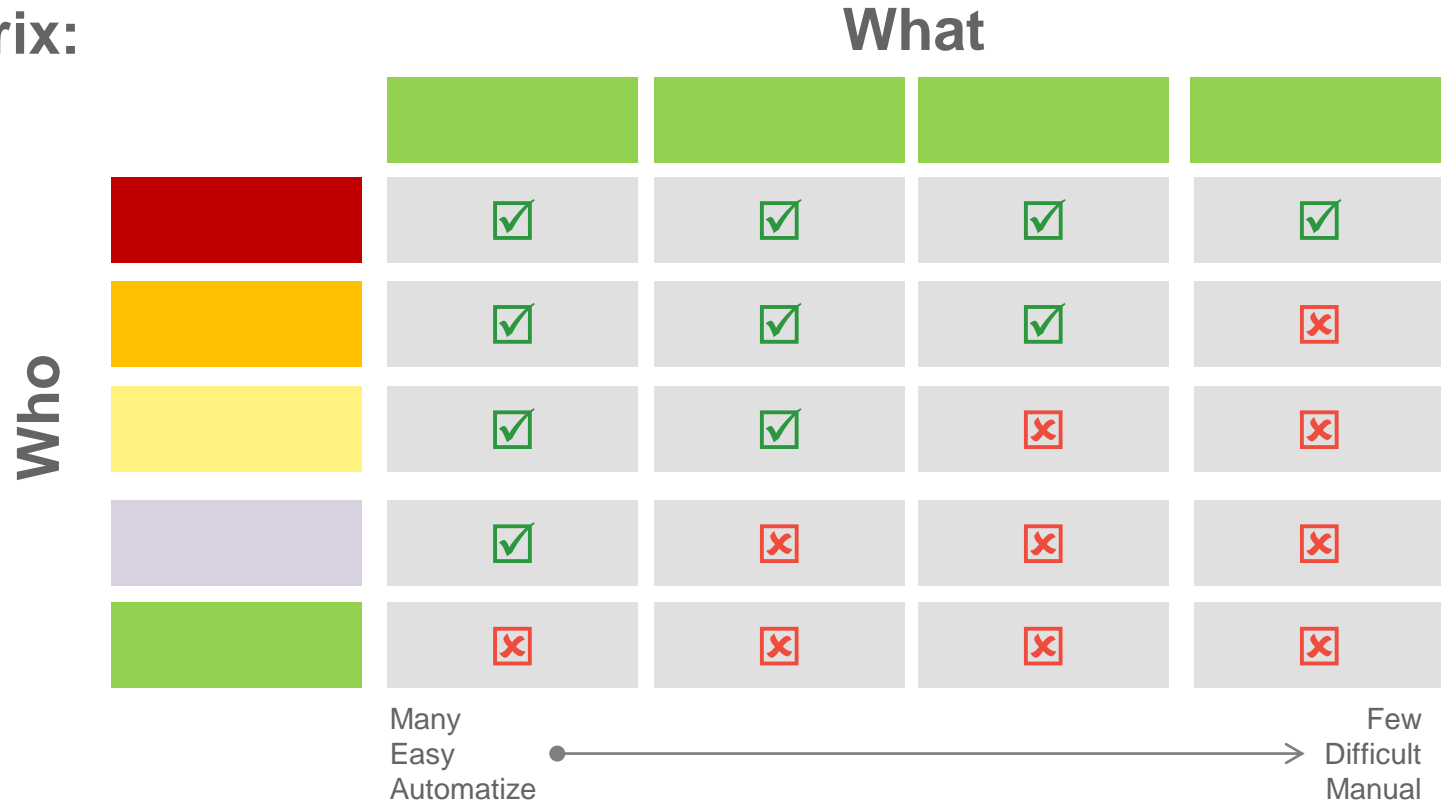
WHAT?

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- ▶ Code of conduct acceptance
 - ▶ Public checks:
 - ▶ Blacklist checks
 - ▶ Basic background check + press releases
 - ▶ Questionnaire and enquiries (internal / external)
 - ▶ Interviews
 - ▶ Enhanced research
 - ▶ Investigation

Not the same

Setting the rules

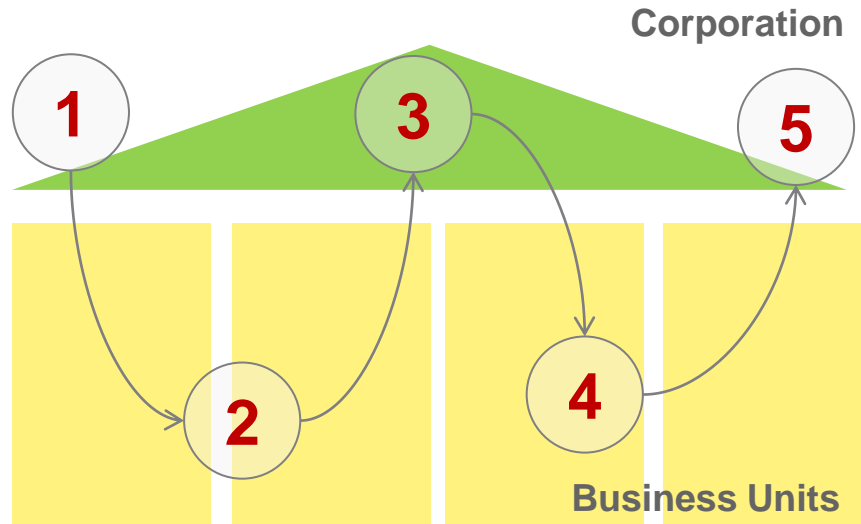
Risk Matrix:



- ▶ **Set Global Policies:** Risk Management Pples, Approval Process, Roles and Responsibilities, Audit

Third-Party Risk Management Cycle

1. Setting management principles
2. Applying principles
3. Report
4. Evaluate / audit
5. Reassess principles



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