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The Refinitiv logo, featuring the word 'REFINITIV' in a bold, black, sans-serif font, followed by a trademark symbol (TM). To the right of the text is a blue graphic symbol consisting of two perpendicular lines of equal length, forming an L-shape.



# Thomson Reuters: Third Party Risk Management Survey Insights

## Introduction

With rising regulatory pressure, emerging focus on reputational risk and more complex supply chains, third party risk management is becoming increasingly important in the corporate sector. Trends such as the growing number and complexity of third party relationships, rising fines and penalties, and growing demand for responsible operations have led to third party risk management becoming a critical activity for organizations.

Thomson Reuters has conducted this survey to explore the challenges faced by companies as they look to manage risks arising from third parties with emphasis on understanding software and data needs across the third party risk management workflow.

## Survey details

This summary is based on research commissioned by Thomson Reuters and conducted by an independent agency in late summer 2017. A total of 708 professionals completed the survey, all of whom were involved in global third party relationships or third party risk management within their organization. The survey reflects the views of professionals from a wide range of industries (e.g. logistics, transportation, energy, mining, automotive, heavy machinery, agribusiness, retail, healthcare and technology) across three major regions: North America, Europe and Asia Pacific. Survey results include responses from privately owned companies, publicly listed companies and a small proportion of government entities. Responses were spread across different company sizes.

For this survey, we have defined third parties as suppliers, vendors, distributors, agents and joint venture partners.

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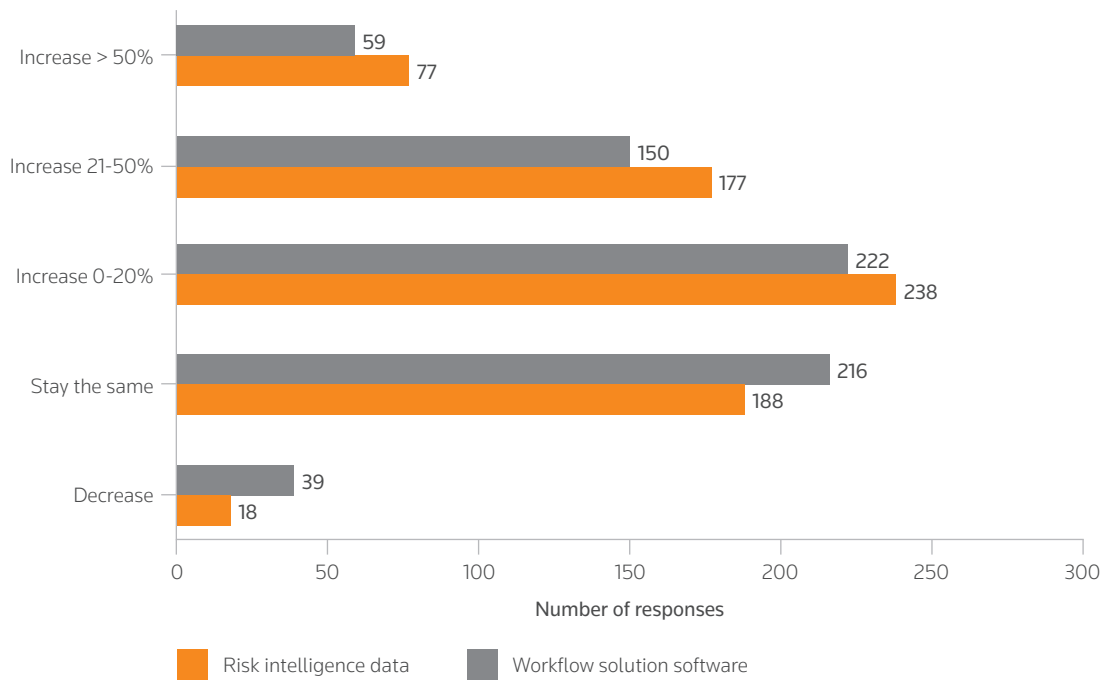


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# Key survey highlights

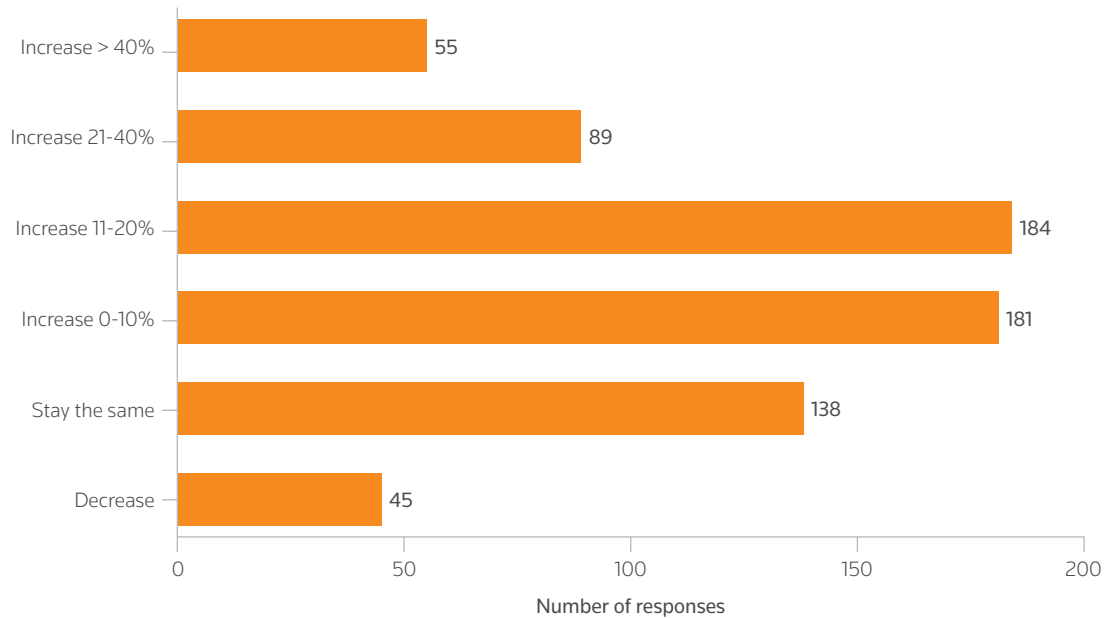
## Market outlook

### How do you foresee your use of key risk management products evolve in the next two years?



Third party risk management continues to be a growing market. Around two-thirds of respondents (~65%) expect an increase in the use of risk data and software solutions in the next two years.

### How do you foresee the number of people working in third party risk management departments change in the next two years?



In addition to a significant increase in usage of key risk management products, respondents also indicated that they expect an increase in the number of people working in third party risk management in the next two years. Around three quarters of respondents (~75%) foresee headcount for third party risk management to increase in this period.

While third party risk management is considered to be of increasing importance to corporates, the survey highlighted that on average, companies across all industries conducted some form of due diligence on only 48% of their third parties. This suggests that there is still room to drive a comprehensive risk-based approach.

# Regulation

To what extent do the following regulations have an impact on your company's operations?



North America	Europe	Asia Pacific
U.S. Foreign Corrupt Practices Act	UK Bribery Act	EU Fourth Money Laundering Directive
California Transparency in Supply Chains Act	EU Fourth Money Laundering Directive	U.S. Foreign Corrupt Practices Act
EU Fourth Money Laundering Directive	UK Modern Slavery Act	Monetary Authority of Singapore Outsourcing Guidelines

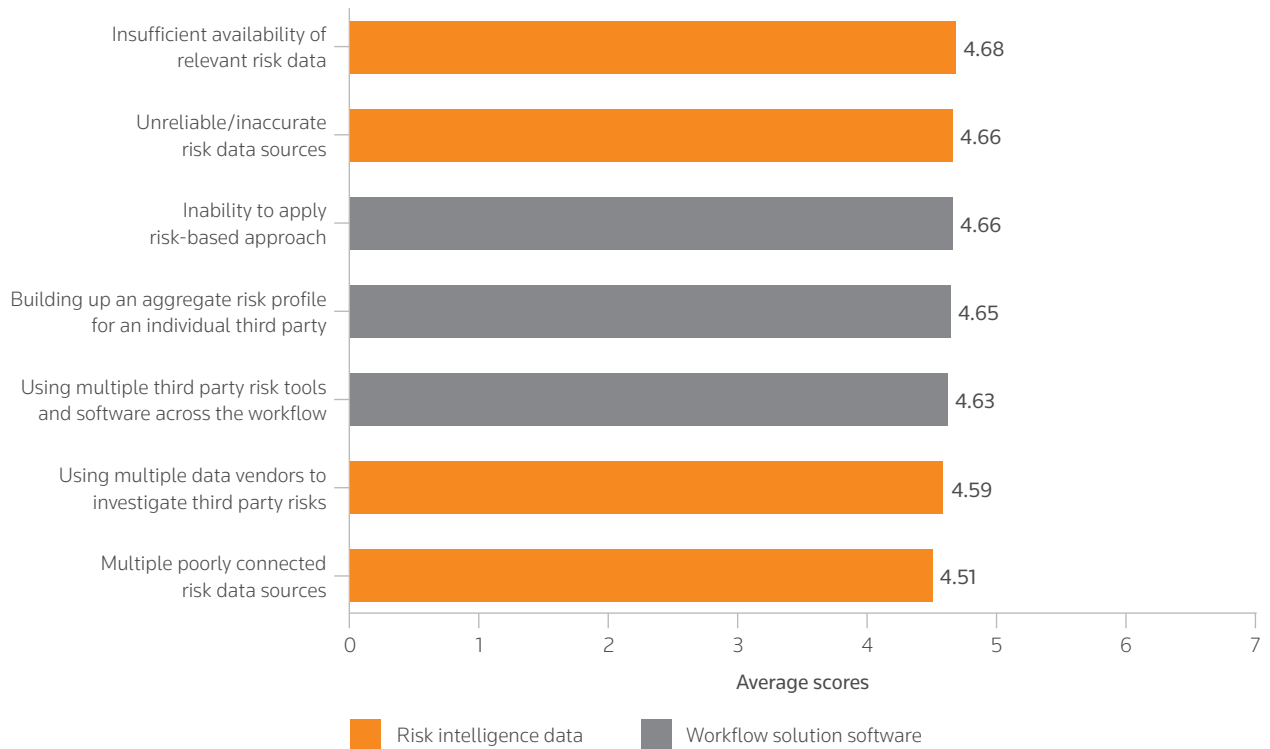
Graph shows the top three most impactful regulations on company's operations for each region.

On average, respondents indicated that their company's operations were most impacted by anti-corruption and anti-money-laundering regulations on a global level. The impact of specific regulations varies by region.

It is important to note that some of these regulations (e.g. the UK Bribery Act or the U.S. Foreign Corrupt Practices Act) are extra-territorial in nature and require companies to comply even when their third parties are based abroad.

## User challenges across data and software

**Broadly, what level of challenge do you face in terms of using data and software systems to manage risks arising from third parties? (1 – no challenge whatsoever, 7 – very significant challenge)**



The relatively flat scores of this question indicate that respondents have broad challenges across risk data and software solutions to manage risk arising from third parties.

This highlights the disjointed nature of existing workflow solutions and the need for better connectivity of data and software systems.



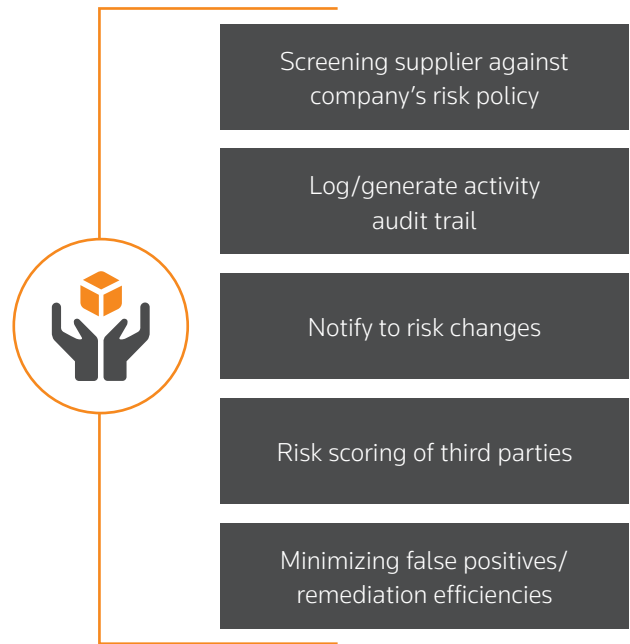
## Top data and software needs

**How important are the following types of content/information in conducting risk assessment on your third parties?**



Graph shows the top five data needs (types of content/information) of companies across all industries.

**How important are the following types of product features and capabilities in conducting risk assessment on your third parties?**



Graph shows the top five data needs (product features and capabilities) of companies across all industries.

Companies need a breadth of data covering reputational, regulatory and operational risk for effective third party risk management. Respondents named financial statements, regulatory information, credit ratings/credit scores, litigations and outstanding lawsuits and cybersecurity as the most important types of information for conducting risk assessment on third parties. These top five data needs are largely similar across different industries. However, screening for cybersecurity risk is most important for the technology industry and understanding ultimate beneficial ownership is most important for the energy industry.

We would like to thank all those who contributed to our third party risk management survey. Your insights and feedback have been extremely valuable to better understand your third party risk management processes and needs as compliance, procurement and supply-chain professionals.

Respondents indicated a need for comprehensive software solutions across the third party risk management workflow. All listed software capabilities were marked as important; however, screening suppliers against company's risk policy, log/generate activity audit trail, notify to risk changes, risk scoring of third parties and minimizing false positives/remediation efficiencies were regarded as the most critical product features.

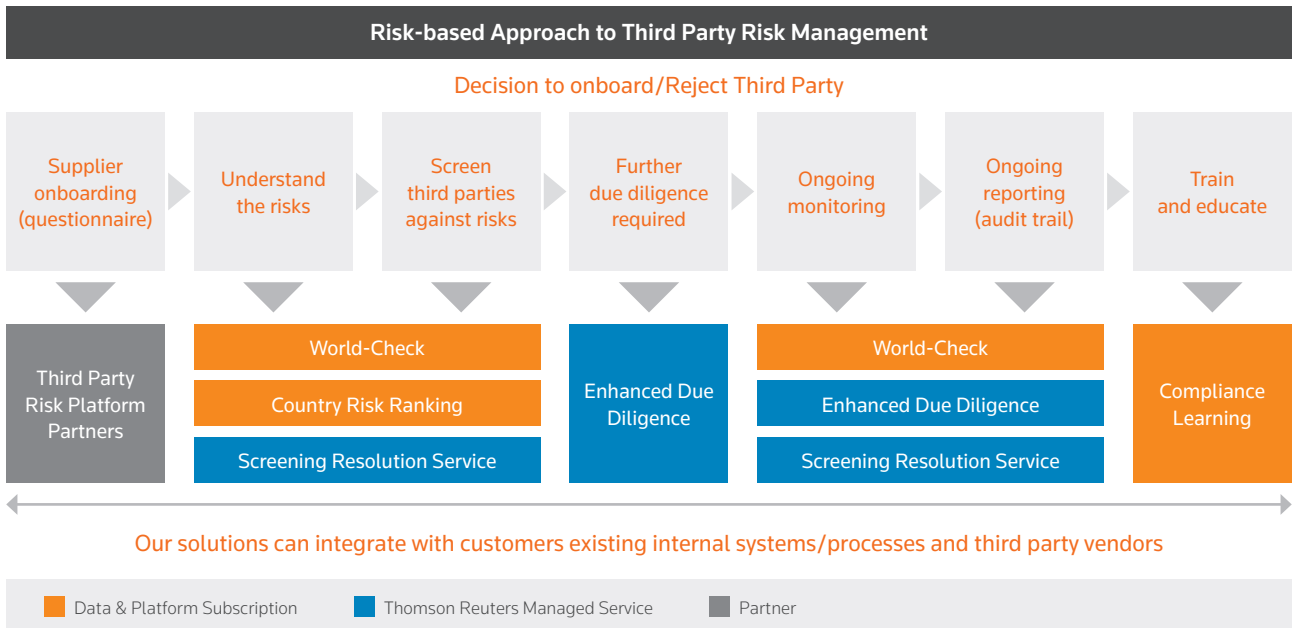
# How Thomson Reuters can help

At Thomson Reuters, Third party Risk Solutions help you detect, assess and minimize potential risks associated with your suppliers, distributors and partners, and regularly monitor them for any change in status.

We enable clients to:

- Evaluate the risk level when working with third parties in a given country using Thomson Reuters Country Risk Ranking
- Screen and monitor third parties against millions of records using Thomson Reuters World-Check® risk intelligence
- Research deeper into heightened risk entities and individuals with Thomson Reuters Enhanced Due Diligence
- Provide online training for staff and third parties to help prevent risks from entering your business with Thomson Reuters Compliance Learning

Thomson Reuters provides answers you can trust to increase efficiency and growth in your business and supply chain.

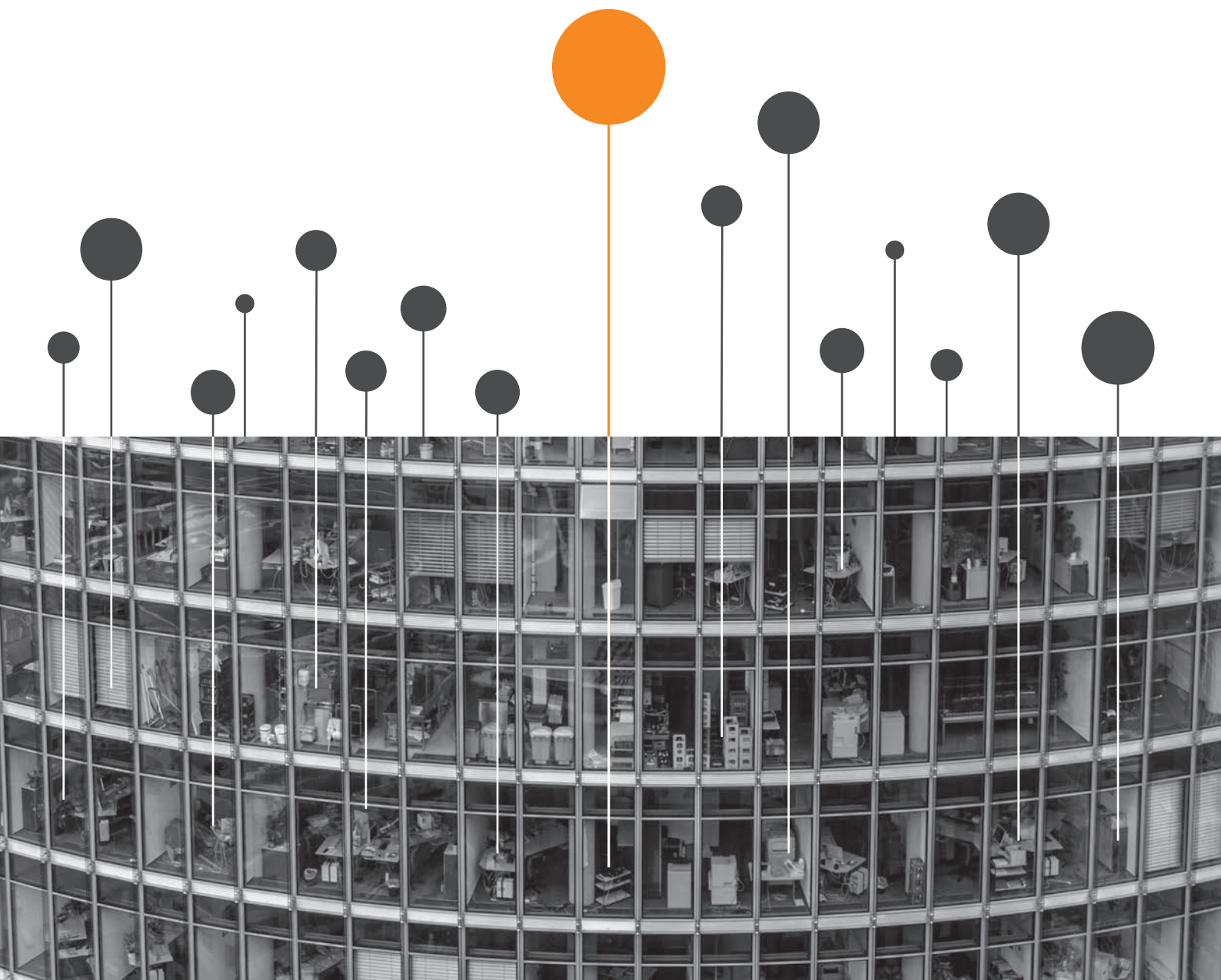


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