

Third-Party Risk Management

Why You Need a Complete Program in an Evolving Environment

Forward-thinking organizations understand that as their vendors, suppliers, and partners increase, so too must their third-party risk management program to ensure the benefits of the relationship outweigh potential consequences. A successful program needs to be comprehensive enough to accommodate all current and emerging risks, compliance requirements and strategic goals. Focusing on these elements in isolation can create functional blind spots, potentially exposing organizations to operational disruption and reputational damage. A robust third-party risk management program needs to offer a unified view of risk that automatically updates third parties' status to allow for faster, more effective decisions that will ensure business success.

By effectively surfacing all areas of risk third parties present, organizations have greater visibility into who they're doing business with and can better achieve their goals. To reach this goal, a solution that is uniquely designed for each area of risk is required for the best results.

82% of Organizations Still Use Spreadsheets to Manage Third Parties¹

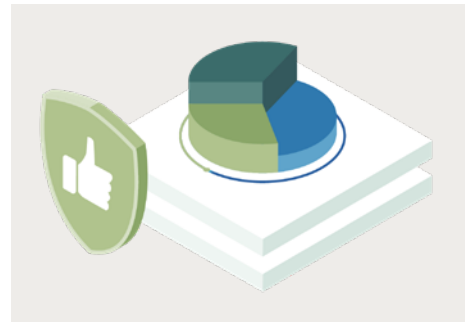
1. WWW.RSA.COM

Protecting the Business from Regulatory and Reputational Risks

Due diligence is at the forefront of the most effective third-party risk management programs, and for good reason – the need to be compliant with regulations from global enforcement agencies and the DOJ's guidance. A well-designed compliance program applies risk-based due diligence to its third-party relationships, including an assessment of their reputation and relationships with foreign officials. While organizations can gather general corporate

information, such as SEC filings and other public records, most do not have the internal resources available to build an accurate risk profile.

Our purpose-built solution, RiskRate, surfaces and monitors third parties' regulatory sanctions and reputational risks, including anti-money laundering (AML), politically exposed persons (PEPs), and adverse media profiles. RiskRate offers the flexibility to apply additional enhanced due diligence according to the level and nature of third-party risks when they arise. Having a system in place that provides an efficient way to conduct the appropriate third-party due diligence, automate risk mitigation tasks, receive reports with clear and actionable insights, and maintain an audit trail for perpetuity is essential as business needs and regulatory demands multiply.



Understanding and Managing Business Risks

It is also important that organizations have a governance, risk and compliance (GRC) or integrated risk management (IRM) system in place that focuses on information related to operational risk. By taking a closer look at the risks third parties bring to the company's operations, organizations can better evaluate third-party performance, assess cost-to-value, and protect the business while maintaining good relationships.

Our GRC/IRM solution, NAVEX IRM™, captures risk data from and about the third party that helps manage risk throughout the relationship. NAVEX IRM helps organizations gather operational, information security, financial and compliance risk information in a centralized location to better understand the risks each third party presents. NAVEX IRM's business continuity management capabilities allow organizations to plan and prepare for business interruptions involving third parties, minimizing their impact.

Ensuring Alignment with Business' Core Values

When conducting due diligence, it is also important for organizations to determine if their third parties uphold the same values and practices they hold and expect internally. As organizations strive to become more ethical, diverse, and responsible, they need to see those same strengths reflected in the vendors they engage with. Now a mainstream activity of all resilient organizations, companies must ensure their supply chains act responsibly and actively promote sustainability in their own operations.

Our solution, NAVEX ESG™, assesses vendors in the frame of responsibility and sustainability metrics that directly impact their relationships. NAVEX ESG is a robust tool that can determine a third party's environmental sustainability efforts. Through custom surveys, organizations can focus on the risk and compliance that is most relevant to vendors and their role in the supply chain. As organizations continuously improve their efforts to operate more responsibly, these tools enable compliance to demand – and verify – the same of their third parties.

Covering All Risk Areas

It is critically important for organizations to have a comprehensive third-party risk management program in place to address new risks and strategic goals as their business grows. Organizations can begin by adopting tools to help them more easily assess, identify, monitor, and manage their third-party risks through automation, centralization and data visualization. With a robust program that covers all risk areas, organizations can rest assured knowing that their third-party relationships are effective and efficient. In the end, the third party's risk is also the organization's risk.

NAVEX's platform provides a holistic view of your third-party risk landscape, empowering you to proactively manage those risks and implement a robust third-party risk management program.



We do this by:

- Evaluating and continuously monitoring all aspects of a third party's risk, from consideration to onboarding and throughout the entire relationship
- Applying enhanced due diligence and assessing an organization's regulatory, business operations and responsibility metrics
- Gaining an ongoing understanding of the risks each third party brings and addressing them as they surface
- Managing corrective actions and escalations in a centralized location when risks arise

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NAVEX is the worldwide leader in integrated risk and compliance management software and services. Our solutions are trusted by thousands of customers around the globe to help them manage risk, address complex regulatory requirements, build corporate ESG programs and foster ethical workplace cultures.

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