

# Stay up to date on third-party key developments

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The single biggest negative factor that could potentially arise from an organisation's relationship with its third-parties is risk. Serious risks that present lasting effects are usually commercial crimes including fraud, bribery, corruption and money-laundering, which is why external parties can't be taken at face value and blindly trusted.



Rudi Kruger

To mitigate these risks, companies need not only to understand their suppliers, partners, acquisition targets, contractors, resellers, grant applicants, customers and other associates, but also to keep abreast of developments. This can be achieved with due diligence that includes examination of third-party history, public records and current affairs.

Staying in the know requires the following steps, according to Rudi Kruger, General Manager at LexisNexis Data Services. "Firstly, it is vital to understand compliance concerns and to keep up to date with regulations affecting your organisation. Your due-diligence process needs to align with the strategic, financial, regulatory and reputational risks your organisation may face," he advises.

Information gathering and verifications are the next valuable steps. "Gather key information including relevant documentation, official references and third-party internal structures and policies. All information gathered should always be verified by reliable sources," said Kruger, adding that all third parties, both new and old should be subjected to screening against watchlists. These include global sanctions lists, law enforcement lists of known criminal entities, regulator-published lists of debarred or disqualified companies and individuals and PEP lists to identify government or official connections. Negative news checks also establish potential reputational risks from media archives. "Lastly, actively monitor third-parties on an ongoing basis to ensure that you are aware of potential problems before they put your organisation at risk," said Kruger.

With proper due diligence, organisations will not only stay up to date on key developments with respect to key clients, suppliers, contractors, or partners but will also be empowered to:

- Better comprehend the complex relationships and affiliations between companies and individuals or companies and other companies;
- Ensure the ongoing financial health of key suppliers, clients, or other entities the business relies upon;
- Avoid the legal penalties, costs, and reputational damage resulting from association with unethical or criminal associates;
- Ensure compliance with local and international anti-bribery legislation;
- Conduct ongoing screening and monitoring, particularly around high risk third-parties to ensure they are alerted to any changes as soon as they happen;
- Seek information on potential business associates' legal history, including local and international cases to determine how litigious an individual or company may be.

High-level, intensive due diligence efforts that are able to uncover hidden information can be time consuming and expensive. While it may be viewed as a burden by many organisations, it is actually the only significant way in which to identify possible problems or red-flags with associates. Serving these needs is the solution, Lexis®Diligence, an online solution that assists clients with mitigating operational, financial, legal, and reputational risk by providing the tools they need to understand their suppliers, partners, acquisition targets, contractors, resellers, grant applicants, and other associates effectively and efficiently.

Lexis®Diligence provides access to over 40 years of archived comprehensive adverse news, sanctions and extensive warning lists, PEPs, director and shareholder listings, biographical references and directories, and comprehensive legal source material. It has the ability to monitor and assess potential security threats abroad by checking comprehensive country information and on the ground media reports. This rich resource enables users to gain a thorough understanding of the companies and individuals with whom the company interacts and/or does business.

For more information, visit <https://www.lexisnexis.co.za/lexisdiligence>.

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