

10 Major Trends in Third Party Risks & Regulations

Companies rely on third parties and suppliers around the world to deliver their products and services efficiently and effectively. But these third parties are also becoming a company's main exposure to legal, reputational, financial and strategic risk.

Third party risk management has come to a tipping point in the last few years as ten major trends have emerged. Each trend has brought with it new risks which have forced businesses to rethink their approach to due diligence and compliance.

compliance, such as the US Corporate Enforcement Policy which gives firms that self-disclose wrongdoing up to

Coupled with incentives for

off the recommended fine

Mandatory



& Corruption Legislation

Stricter Anti-bribery

Human Rights & Environmental Due Diligence Regulations



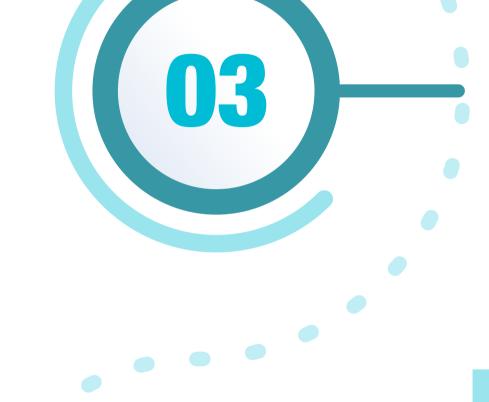
these new rules would prompt them to end relationships with third parties in jurisdictions with a risk of ESG abuses (Institute of the German Economy, 2023)

12%

of German companies polled said

\$206M fine by US regulator against a telecommunications company in 2023 over alleged bribery via third

parties in Asia and Africa



Regulatory Failures

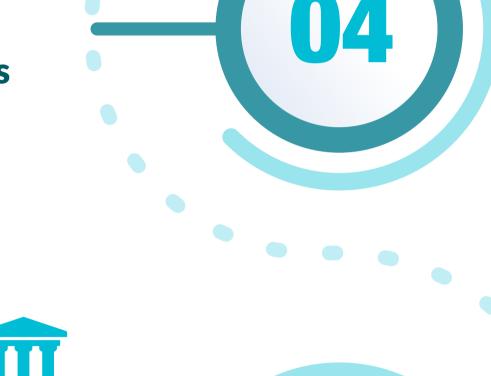
Harsher Enforcement

Against Third Party

Companies' Success

ESG Has Become a

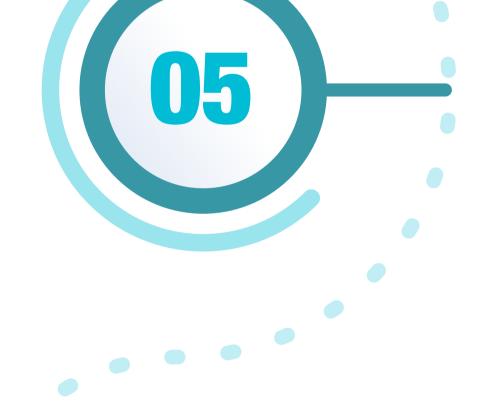
Positive Driver of



of 20-30 year olds in US and UK consider business ethics to be increasingly important (Harris Poll, 2023)

Guidelines introduced in 2023 recommend that global banks implement controls to mitigate the





Principles

1303

more individuals and entities

by the US in November 2023

connected to Russia were sanctions

New Third-party

Risks For Banks in

Updated Wolfsberg

Sanctions

Unprecedented

Changes in Global



of mid-sized businesses in the UK

expressed concern that supply



Supply Chain

Supply Chains

A Shift Towards

Intelligent



14%

of supply chain professionals

96%

of the rest plan to use AI (Survey

are already using Al

by Freightos, 2023)

Disruption & Rising

Bankruptcy Risk

More (and

More Complex)

Financial Crime

financial crime next year 57%

say third party gatekeepers

increase that risk

Companies to

& Technology

Investment

With Data

67%

Reluctance of

Address These Risks

of executives said their firm's

investment into Anti-Bribery and

Corruption was below average

37%

said their investment in technology was below average (Morgan Lewis survey, 2023)

These ten trends demonstrate the scale of the

challenges facing companies in 2024

The solution lies in implementing a robust and risk-based due diligence process. Companies need to access a broad range of authoritative data sources to

Third party risk is clearly rising, yet it has also become more to transparently

understand third parties' activities and risks. How should companies respond?

capture the full extent of a given third party's risks. They should leverage technology to quickly screen their current and prospective third parties against these sources, and constantly refresh this monitoring to capture new risks as they develop.

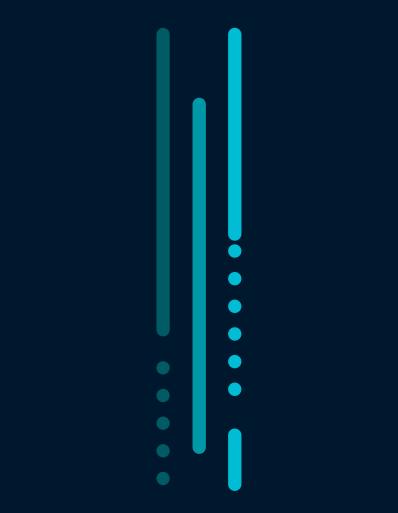
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