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EBOOK

6 Key Steps for Resetting Your Anti-Bribery/Anti-Corruption (ABAC) Program

As multiple global disruptions continue to stall economic growth, already-stretched compliance teams face the prospect of losing even more resources. But compliance risk is increasing, not abating, in this heightened climate of uncertainty — particularly from third parties engaging in improper activity.

With companies under pressure to maintain business momentum, revenues and earnings, it's a good time for compliance teams to hit the reset button on their third-party corruption risk management programs. Here are six key steps for accomplishing this.

Establish an Early View on Risks

You shouldn't have to wait on your third parties to self-disclose potential risk factors. Third-party data can be continuously monitored from the very beginning of the relationship, giving you an early view on risk factors and allowing you to follow them for the lifecycle of the business relationship.
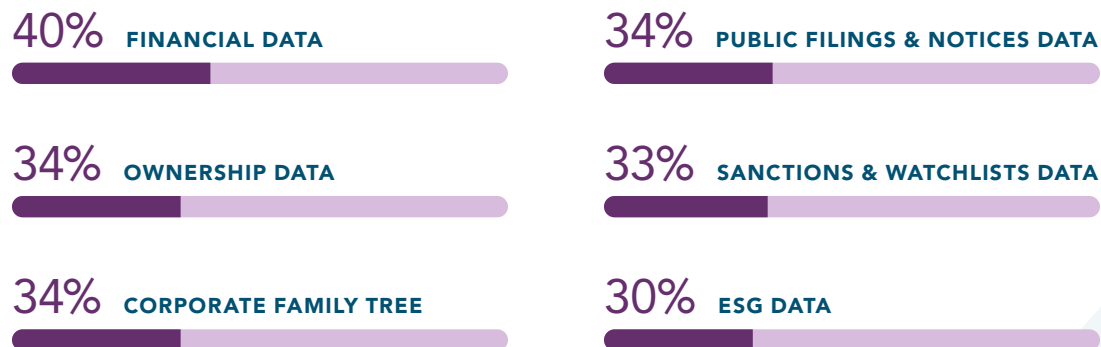
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*This approach helps to make your business **future-ready** — able to address third-party corruption risk factors proactively, before they become a problem for your business*

Identify and Plug Gaps in Risk Exposure

Third-party ABAC risks may be lurking in new, unexplored dimensions. For example, geographic risk factors are often considered in ABAC compliance programs; but how can you accurately assess geographic risk without good firmographic data that reveals the actual locations of a third party's headquarters and satellite offices? Corruption risk can't be fully assessed if the possible sources of risk aren't informed by a comprehensive range of **data types**.

Percentage of respondents to a recent risk management survey using these data types "consistently":[1]

40% FINANCIAL DATA

34% OWNERSHIP DATA

34% CORPORATE FAMILY TREE

34% PUBLIC FILINGS & NOTICES DATA

33% SANCTIONS & WATCHLISTS DATA

30% ESG DATA

Connect Your Risk Data

Significant ABAC risk often comes in the form of disconnected, siloed data that ultimately becomes a liability rather than an asset. For example, the compliance team may have raised a red flag about a potential consultant, while accounts payable — lacking access to that data — goes ahead and issues payment to that red-flagged party. Relevant data needs to be **connected across the business** to have the right ABAC program impact.

Risk data needs to connect across:

- Corporate compliance
- Credit decisioning
- Accounts payable

- Accounts receivable
- Procurement
- Supply chain management

Scrutinize Individuals, Not Just Entities

Particularly in times of geopolitical instability, compliance teams evaluating third parties need to gather reliable data not just on the entities, but on key individuals including principals, shareholders, and top managers. Who actually owns the business, and who actually runs it? Are any of its leaders PEPs (Politically Exposed Persons) at higher risk for involvement in bribery or corruption? While the business entity itself may appear stable and well-run, the individuals that control it can present multiple corruption risk factors.

PEPs can include:

- Leaders of international organizations
- Diplomatic officials
- Administrators of state-owned enterprises

- Court or judiciary officials
- Elected officials
- Family members or close associates of any of the above
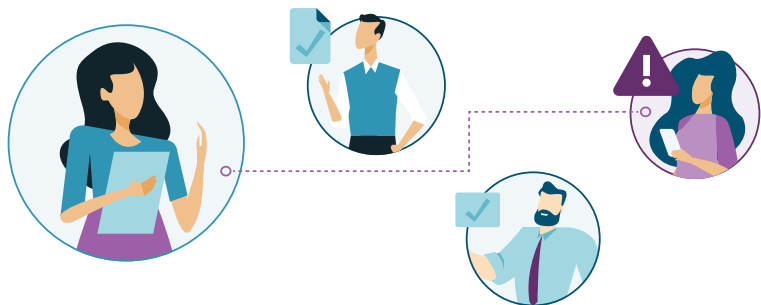
Leverage Automation Technologies to Balance Speed and Safety

Many anti-corruption compliance processes are still manual and labor-intensive, while the business demands that vendors and third parties be onboarded "ASAP." Automated compliance solutions can help accelerate screening, monitoring, and onboarding while also utilizing more current, real-time data.

In a recent risk management survey:

Only **28%** of respondents agreed with this statement: "**WE USE ADVANCED ANALYTICS AND AUTOMATION TO COORDINATE RISK ACTIVITIES.**"[2]

But **73%** said that they expected "**TRANSFORMATIONAL**" or "**SIGNIFICANT**" improvements to reputational protection from more investment in risk data management.[3]

Advantages of compliance automation:

- System can incorporate the company's due diligence and screening policies

- Consistent, non-subjective, unbiased approach free of human judgment

- Risk decisioning based on real-time third-party data

- Helps eliminate duplication of effort and wasted costs

- Can keep pace with ongoing updates to legal and regulatory frameworks

Commit to Regular Process Review and Improvement

Corruption risks are likely to keep shifting, but do you know what hasn't shifted? Enforcement agency guidance. Even at the peak of the pandemic, these agencies were clear that compliance would get no special allowances. However, these authorities have also said that they will take into consideration the effort companies make to regularly review and improve their anti-corruption programs when they evaluate them.

For compliance teams, this is a mandate to make their ABAC programs dynamic, not static — a goal that's much more attainable with current, connected third-party data and automation.

Questions to ask:

- Do we know what third-party information we need to make our system as effective as possible?

- How can we create a single source of truth — a common data foundation that helps provide specific insights?

- Are we able to apply varying levels of screening and automation depending on the entity's risk profile?

- Are we achieving the right balance between our data management approach and our internal controls and policies?

- Have we been defaulting to a "one-size-fits-all" onboarding process that ends up wasting time and resources?

Dun & Bradstreet can perform a free third-party portfolio analysis to give you powerful data-driven insights into your third-party risk exposure.

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[1] "Change the Culture of Risk Management to Increase Business Resilience" (a commissioned study conducted by Forrester Consulting on behalf of Dun & Bradstreet), August 2022. | [2] Ibid. | [3] Ibid.

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