



# 2018 WME Third Party Risk Management Results

Prepared for the BELA Community  
July 2018

# Contents

- WMEC Benchmark Data Set
- WMEC Ethics Quotient™ Survey Results

# World's Most Ethical Companies as Benchmark Data Set

This Report contains data points from Ethisphere's 2018 World's Most Ethical Companies ("WMEC") data set. This data set provides insights into the programs and practices of leading companies from around the world. The dataset referenced through the Report ("WME Honorees") is comprised of 135 companies.

The Benchmark data set is presented to provide a comparative view into the practices of leading companies. For the full list of WMEC companies visit: <http://worldsmoethicalcompanies.ethisphere.com/honorees>



# Summary Findings



# Summary Findings

## Key Finding #1

While almost all WME Honorees are conducting ethics and compliance due diligence at the time of selection, almost half are not rerunning the due diligence process on a periodic basis for those third parties that pose a material compliance, ethics or reputation risk (at least every three years). The information most commonly taken into consideration during this process is ownership information, ethical track record, use of subcontractors and data security practices.

## Key Finding #2

A significant percentage (65 percent) of WME Honorees establish compliance and ethics expectations/requirements by requiring the third party to acknowledge and certify compliance with a third party code (which has been established by 84 percent of WME Honorees). A substantial majority (88 percent) additionally includes provisions in its third-party contracts requiring supplier compliance with certain compliance and ethics expectations. Likewise, two-thirds of WME Honorees provide ethics training assistance/resources to these third parties, and deploy communications targeting them.

A hand holding a pen points to a financial chart on a tablet. The chart displays various data points and trends. The background is dark with a grid pattern.

# Third Party Risk Management Results

19,490  
19,460  
19,400

GFV13

20

21

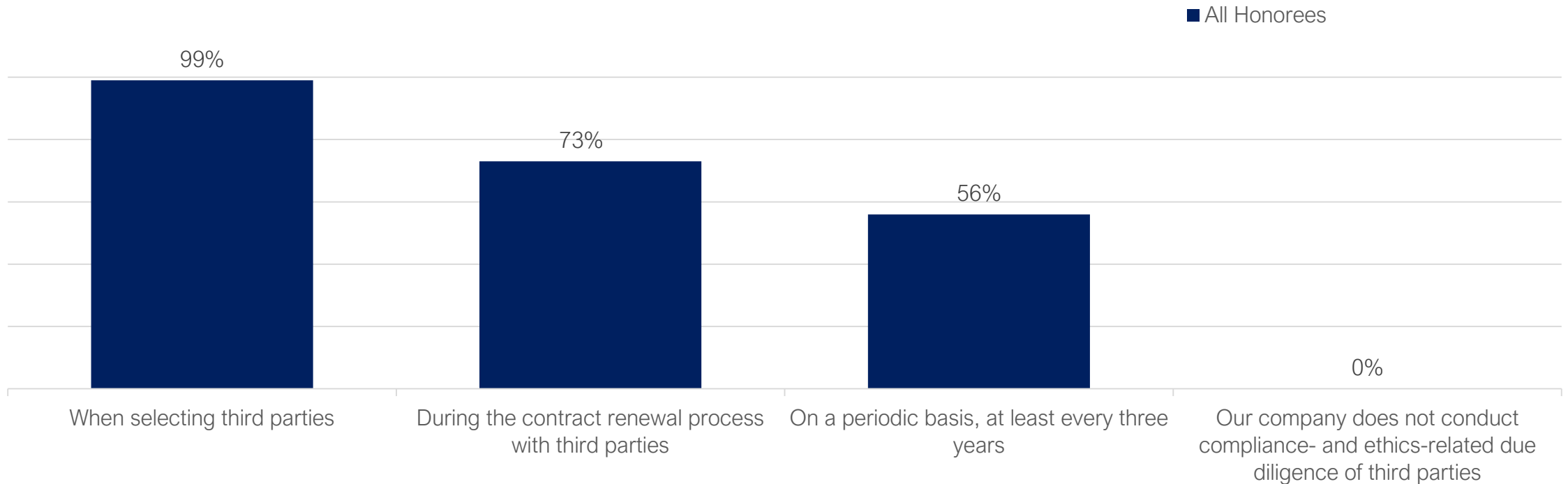
22

Value

# Risk Assessment, Monitoring & Auditing

## *Review Third Party Diligence Processes*

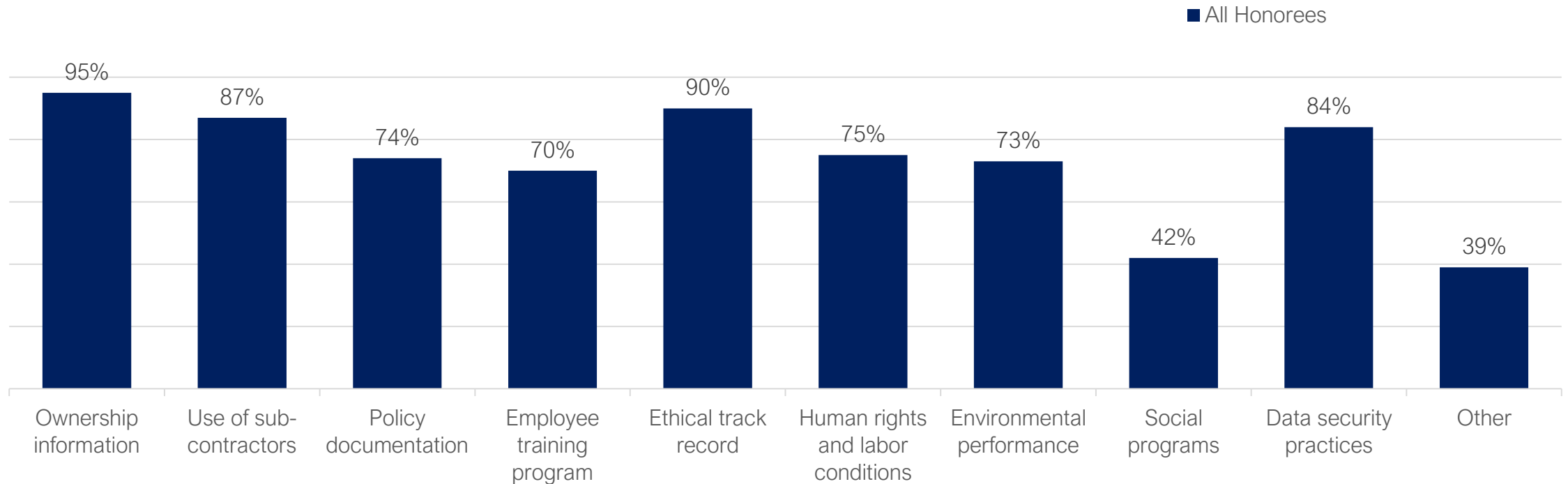
EQ 4F.15 When do you conduct compliance and ethics due diligence of third parties that pose a material compliance, ethics, and/or reputation risk? (Multiple select)



# Risk Assessment, Monitoring & Auditing

## *Review Third Party Diligence Processes*

EQ 4F.16 What information, if any, do you consider in your compliance and ethics due diligence of third parties? (Multiple select)

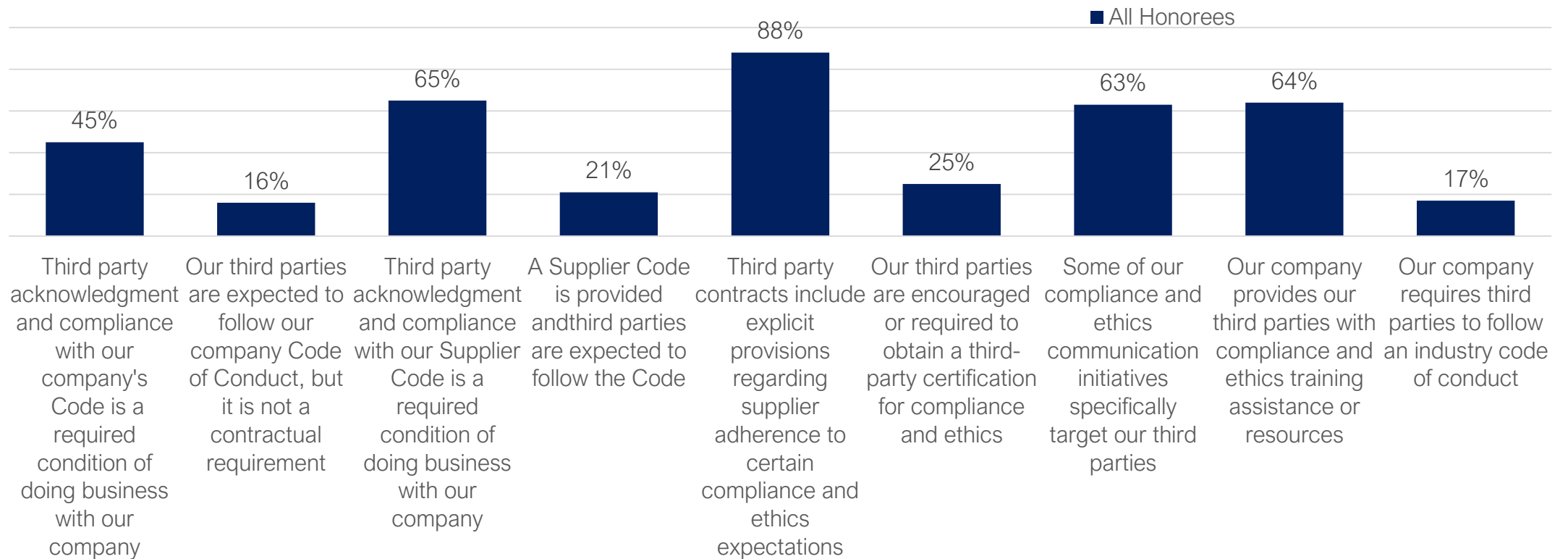




# Risk Assessment, Monitoring & Auditing

## *Review Third Party Diligence Processes*

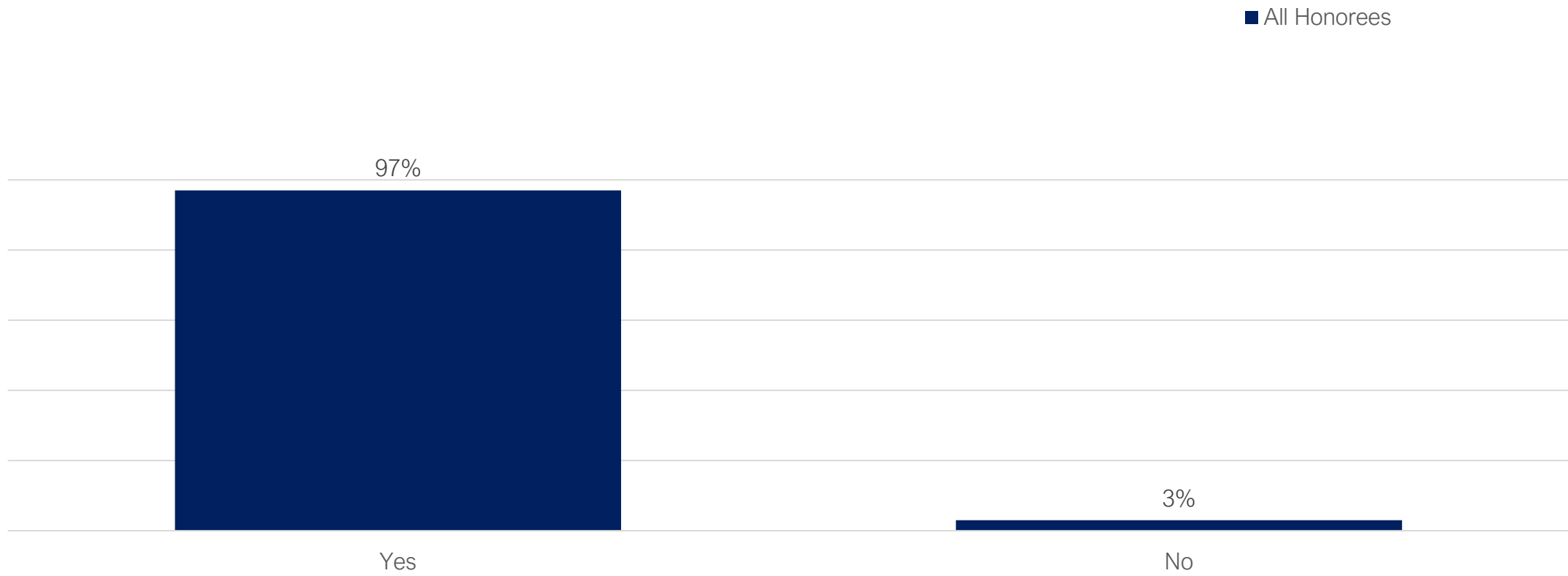
EQ 4F.17 How does your company establish its compliance and ethics expectations and requirements for third parties that pose a material compliance, ethics, and/or reputation risk?



# Risk Assessment, Monitoring & Auditing

## *Review Third Party Diligence Processes*

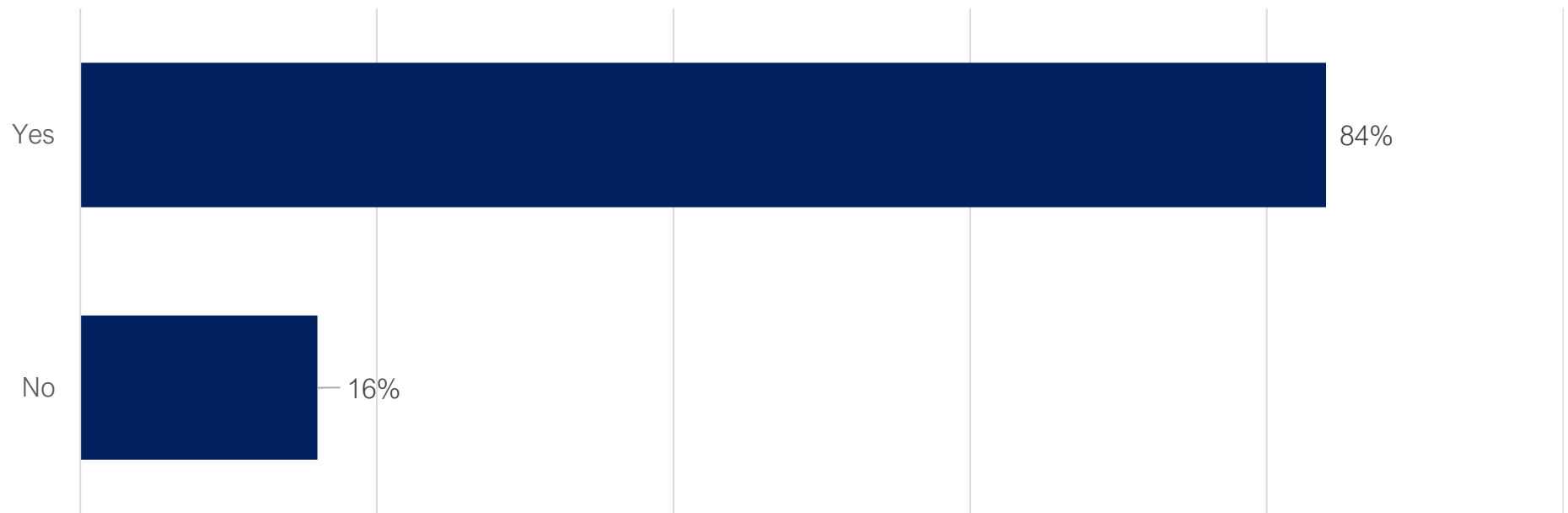
EQ 4F.18 Does your company maintain a procurement policy that addresses key aspects of third party selection, management, and compliance oversight?



# Risk Assessment, Monitoring & Auditing

## *Review Third Party Diligence Processes*

EQ 4F.19 Does your company conduct periodic audits of third parties to ensure compliance with ethical and legal standards?



\*Other departments at Avangrid outside of Ethics and Compliance are conducting such periodic audits in high-risk areas.

■ All Honorees

# Risk Assessment, Monitoring & Auditing

## *Managing Exposure to Human Trafficking Risk*

EQ 4D.9 Which of the following apply to how your company manages its exposure to human trafficking risk?

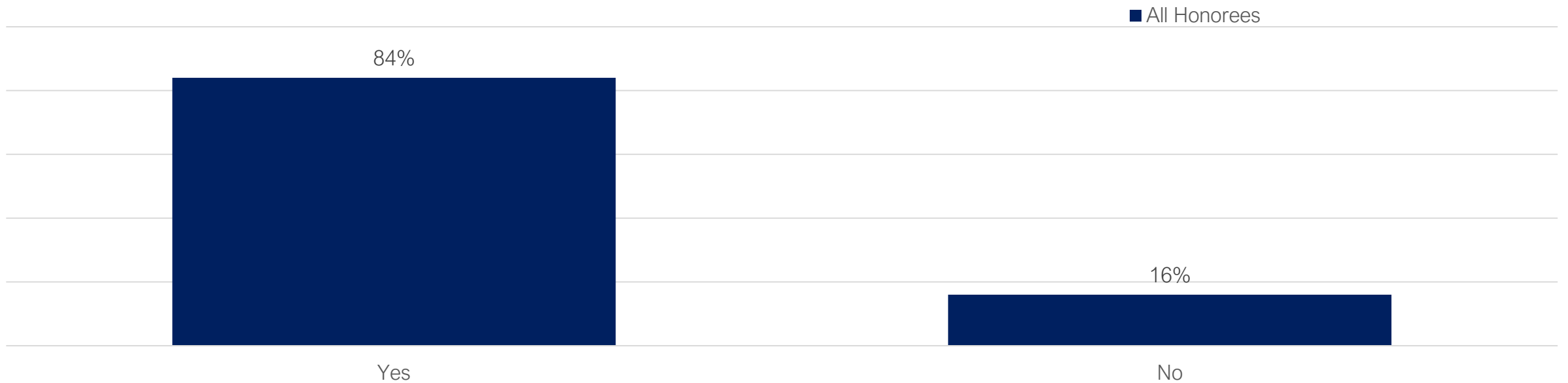




# Risk Assessment, Monitoring & Auditing

## *Third Party Code of Conduct*

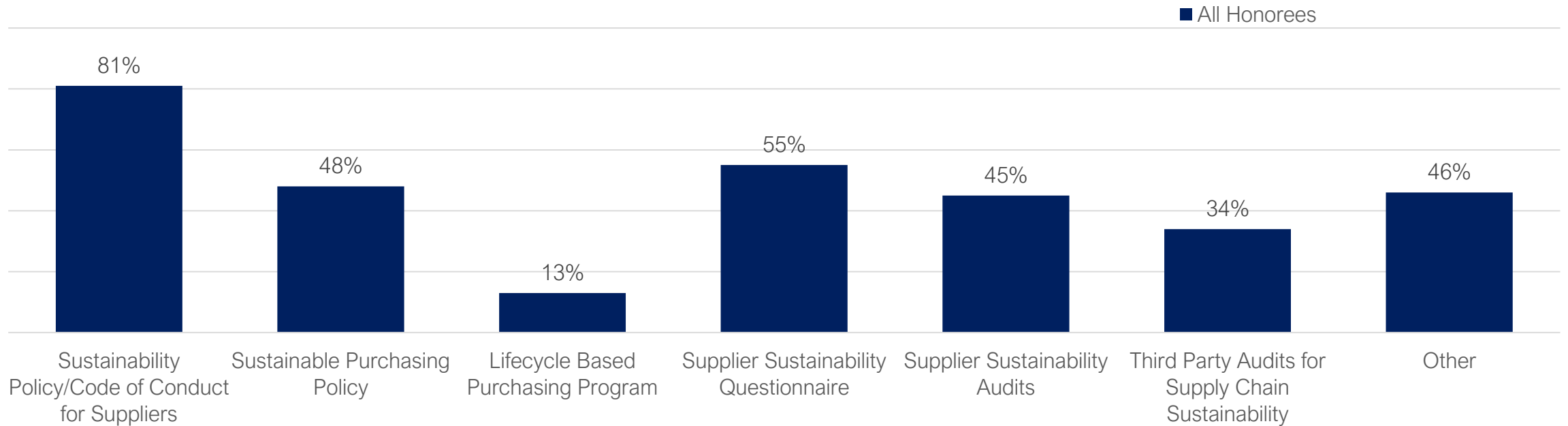
EQ 4C.10 Does your company maintain a third party (e.g., supplier, agent, intermediary, reseller) Code of Conduct?



# Corporate Citizenship and Responsibility

## *Ownership of Sustainability Efforts*

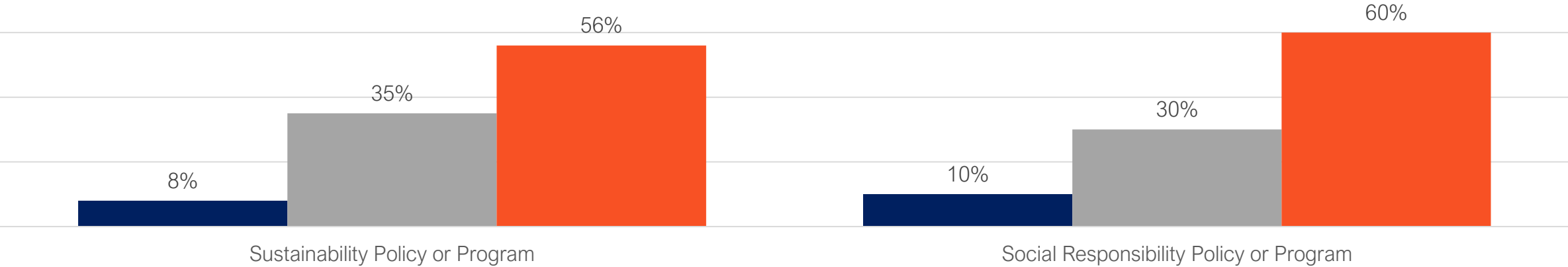
5.18 What measures has your company taken in order to manage sustainability-related risks of your supply chain? (Multiple select)



# Corporate Citizenship and Responsibility

## *Third Party Expectations*

EQ 5.19 Does your company require its third parties to have a formal sustainability or social responsibility policy or program?



- All third parties are required to have a formal policy on this topic
- Only certain third parties are required to have a formal policy on this topic
- Our company doesn't require suppliers to have a formal policy

# Thank You



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