



REUTERS/Jason Lee

GLOBAL SUPPLY CHAIN

KRISTEN TINER

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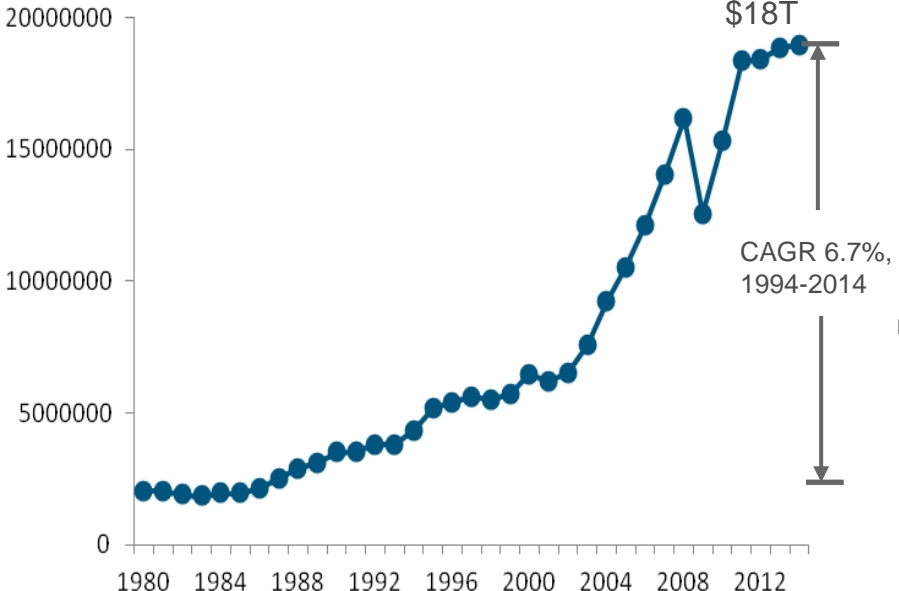
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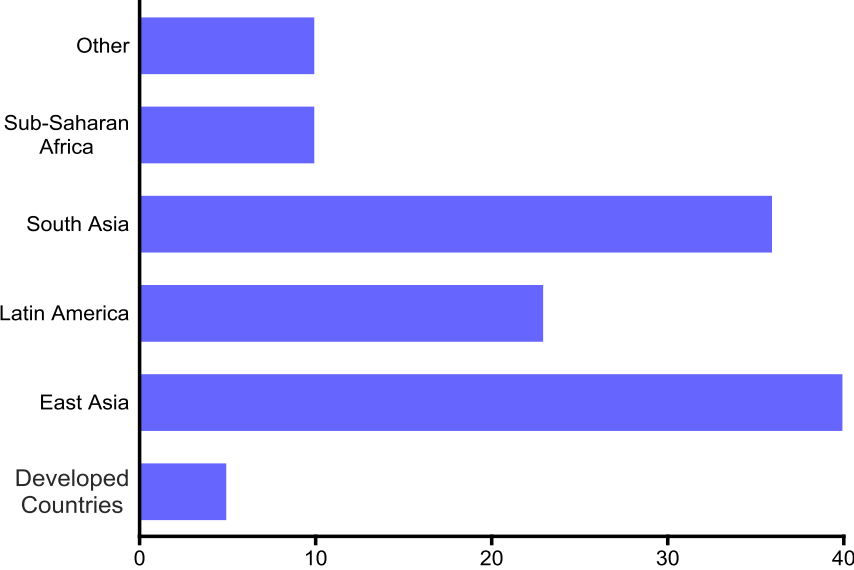


TRADE AND SUPPLY CHAIN IS THE \$18T MOVEMENT OF GOODS THAT IS GROWING AT 6.7% CAGR, PROPELLED BY DEVELOPING COUNTRIES

World Physical Goods Trade Volume, 1980–2014, US\$ bn

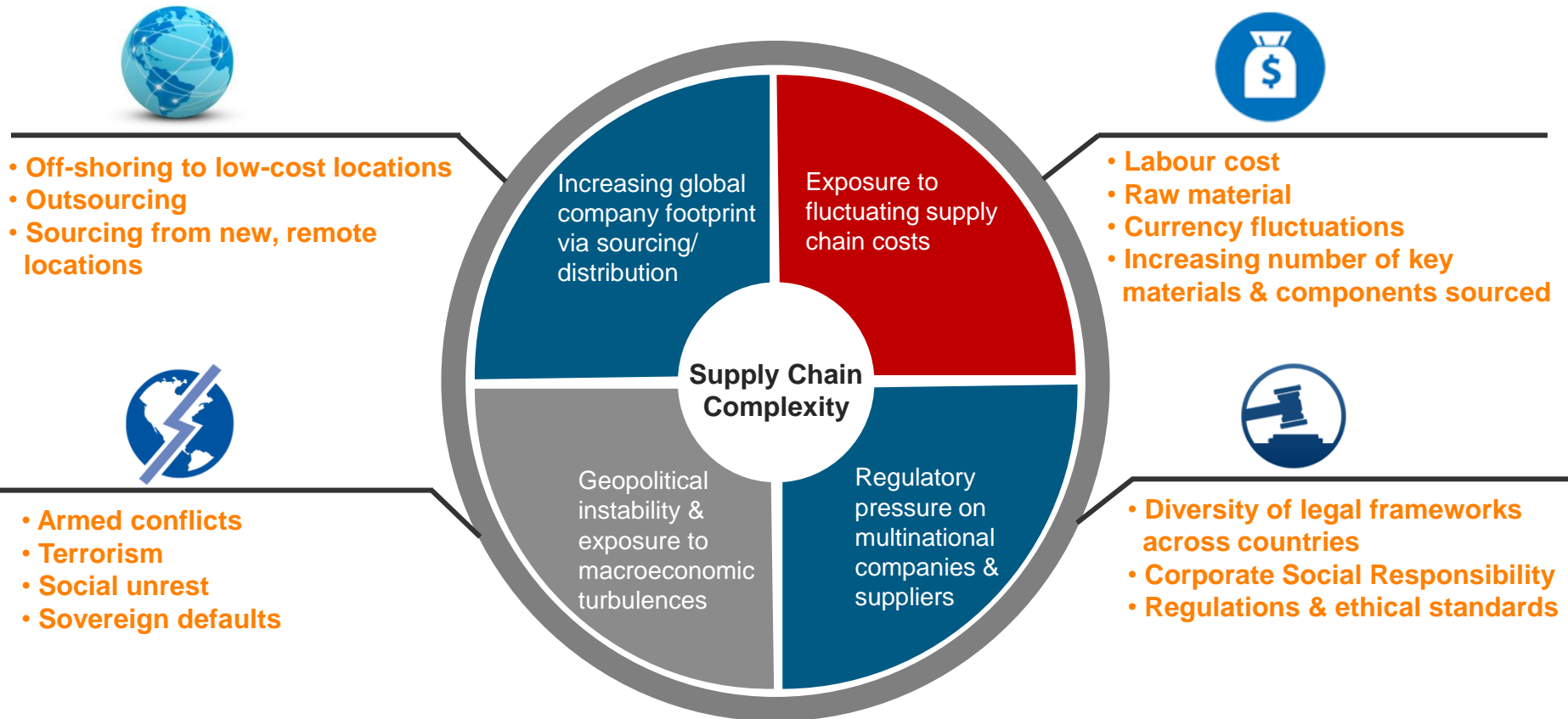


Export Growth of Physical Goods (in %), 2008-2013



Sources: WTO, UNCTAD

SUPPLY CHAINS HAVE BECOME INCREASINGLY COMPLEX DUE TO SEVERAL MARKET TRENDS



NOW A BOARD LEVEL ISSUE FOR CORPORATES

NEWS

UK Modern Slavery Act becomes law

BY PAUL SNELL | 27.03.2015



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PRESS RELEASE

SEC Charges Alcoa With FCPA Violations

FOR IMMEDIATE RELEASE
2014-3

Washington D.C., Jan. 9, 2014 — The Sec charged global aluminum producer Alcoa Practices Act (FCPA) when its subsidiaries officials in Bahrain to maintain a key sour

An SEC investigation found that more tha made to Bahraini officials with influence o

ABOUT DIVISIONS ENFORCEMENT REGUL

News

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G7 vows to improve working conditions in global supply chains



Published: 9 June 2015

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News / Economy

G20 Anti-corruption Action Plan Seeks Transparency

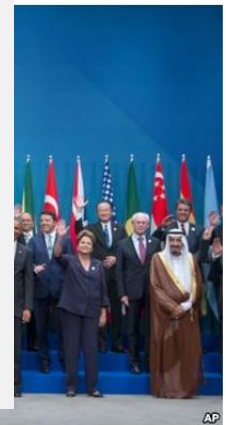
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U.S. Treasury inquires about ISIS use of Toyota vehicles

By AnneClaire Stapleton, CNN

Updated 0731 GMT (1431 HKT) October 7, 2015 | Video Source: CNN



Leaders pose for a group photo at the G20 summit in Brisbane, Australia, Saturday, Nov. 15, 2014. AP

Jeffrey Young

December 01, 2014 6:15 AM

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The G20 nations, comprising the world's largest economies, met in mid-November in Brisbane, Australia, and came up with an action plan on how to fight corruption.



PRESS RELEASE

SEC Charges Hitachi With FCPA Vi

FOR IMMEDIATE RELEASE
2015-212

Washington D.C., Sept. 28, 2015 — The Securities and Exchange Commission today charged Tokyo-based conglomerate Hitachi, Ltd. with violating the Foreign Corrupt Practices Act (FCPA) when it inaccurately recorded improper payments to South Africa's ruling political party in connection with contracts to build two multi-billion dollar power plants.

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REPUTATIONAL DAMAGE

US\$490M to boost Sustainability Efforts



SLA ERY

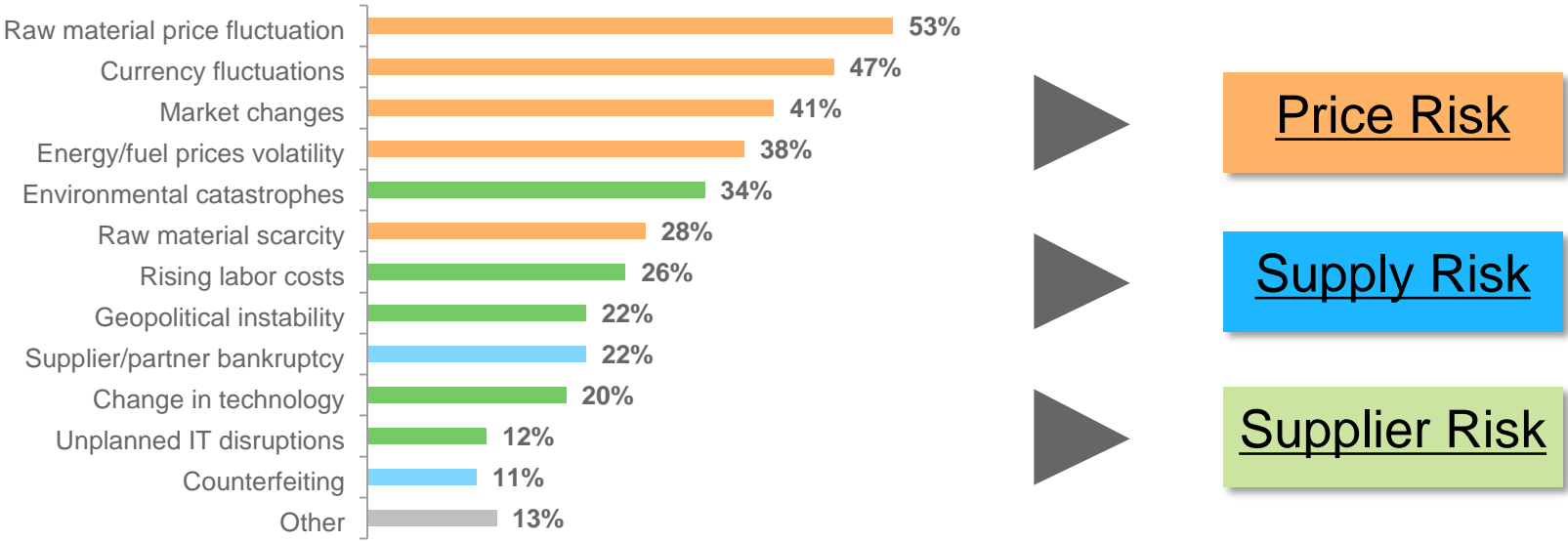
Primark's total Compensation Bill: US\$12M



24 Total Employee Suicides to Date

THREE MAJOR RISKS HAVE FUNDAMENTAL IMPACT ON COMPANIES' SUPPLY CHAIN MANAGEMENT, LEADING TO CONSIDERABLE COSTS

Key customer concerns On supply chain risks



*Other includes telecommunication, cyber and other risks



Imperfect management of external risks is estimated to cost >\$200B* per year serving as an opportunity for new Supply Chain Management services

Source:
PwC and the MIT Forum for Supply Chain Innovation. 2013

THE IMPACT OF PRICE, SUPPLY AND SUPPLIER RISK IS REAL AND AFFECTS OPERATIONS, FINANCIAL PERFORMANCE AND REPUTATION

Price Risk



Wheat price surge

- Severe droughts in Russia led to a 41% wheat price increase in June 2015
- Bakery chain Greggs announced potential price increases for customers
- Analysts expect cost impact to amount to £300,000 for bakery chain

Supply Risk



Tianjin port explosions

- Damage to more than 600 cars of Mitsubishi, VW, Renault in warehouses
- Toyota suspended production of two facilities for three days due to port service disruptions
- Disruptions of Rio Tinto shipments
- Insurance loss of \$1-1.5 bn

Supplier Risk



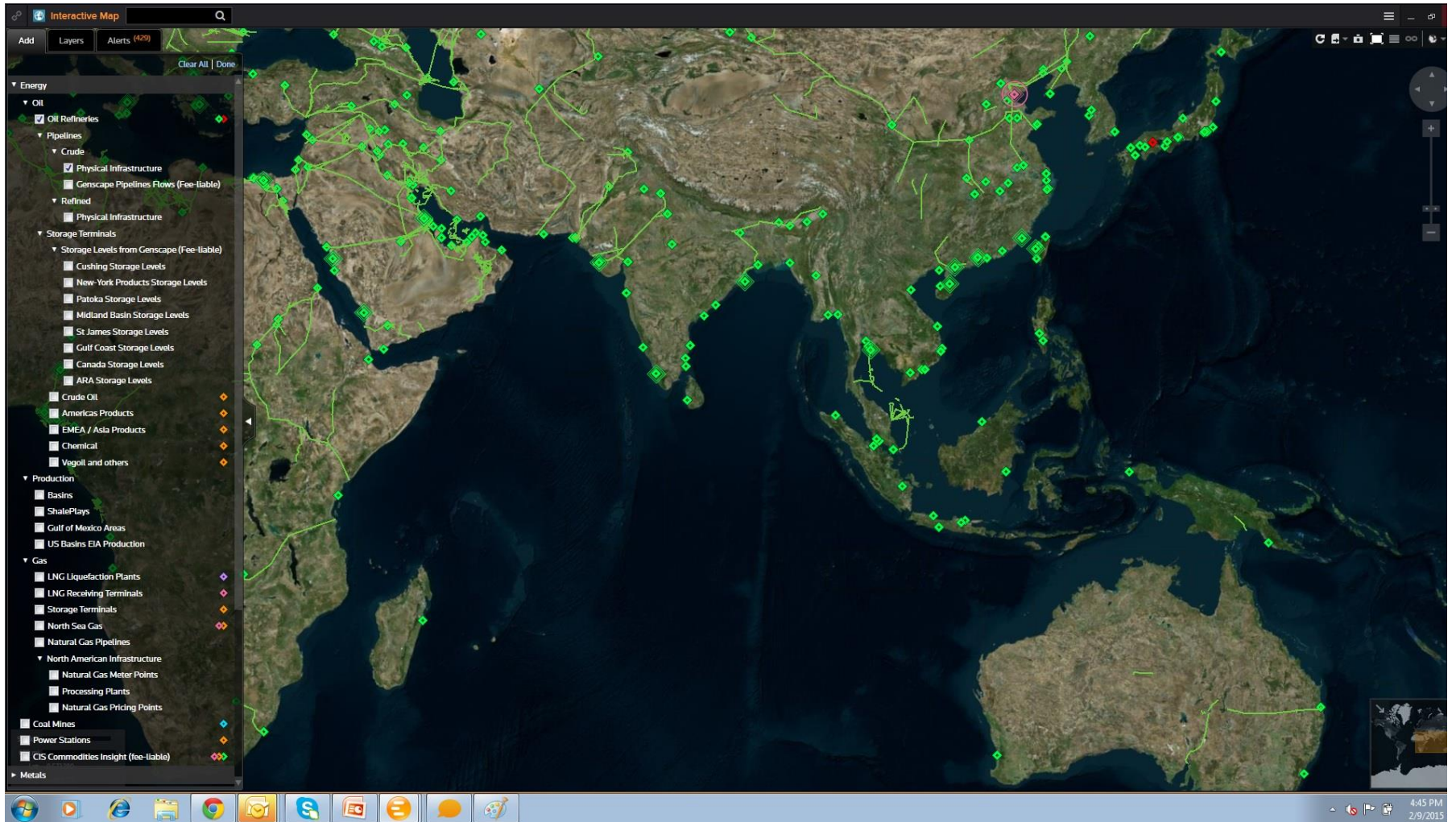
Foxconn working conditions

- 18 employees at Foxconn's Shenzhen factory in China attempted suicide, with 14 deaths
- Several outbreaks of labour unrest at its factories
- Worldwide media attention, demonstrations at Apple stores

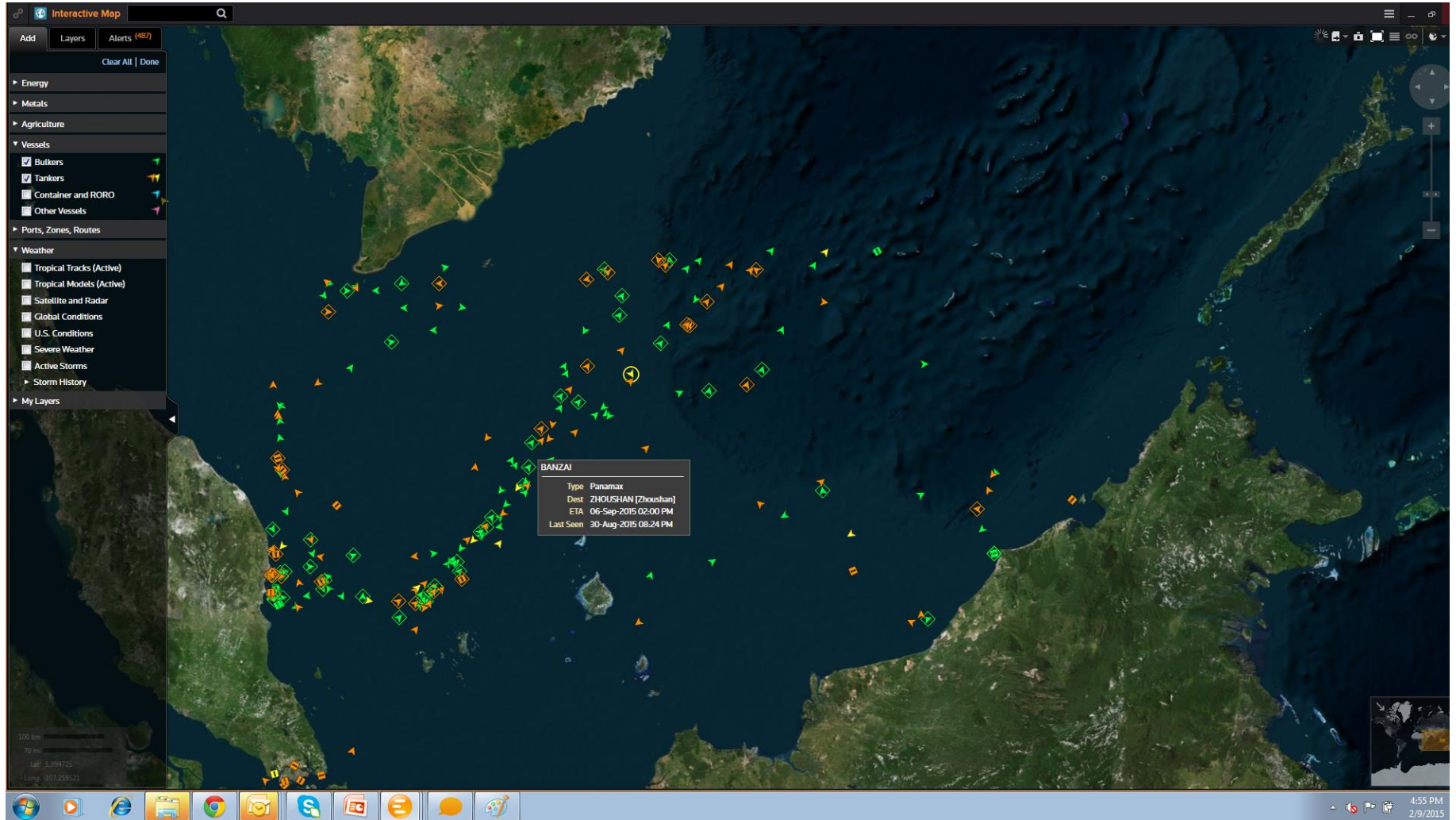
HOW TO MITIGATE DISRUPTION



HOW TO MITIGATE DISRUPTION RISK



HOW TO MITIGATE DISRUPTION RISK



HOW WE ARE HELPING MANAGE THE 3 RISKS

Price Risk

*Transact at best prices
Hedge to lock-in costs and profit*

Prices
Breaking News
Fundamentals
Supply & Demand Forecast
Weather forecasts and actuals
Economic Data
Corporate Treasury FI/FX offer

Supply Risk

*Manage and anticipate SC disruptions
Optimise SC resilience*

Breaking News
Fundamentals
Supply & Demand Forecast
Interactive Map
Severe Weather
Messaging / community access
Flows and cargoes data
Economic Data
Private & Public Company Data

Supplier Risk

*Identify the right suppliers
Screen supplier to avoid
financial loss and reputational harm*

Corruption & Bribery
Sanctions
Terrorism
Money Laundering
Beneficial Ownership
Financial Fraud
Environmental
Bonded Labour
Counterfeiting/ Piracy
Country Risk
Screening workflow tools

THIRD PARTY RISK CHALLENGES

CHALLENGES

1. External Pressure

- Increasing legislations and regulations around sustainable supply chain
- Fines associated to noncompliance
- Proof of due diligence required
- Consumer ethics
- Shareholder value and investor satisfaction
- Civil society and NGO pressure

2. Internal Issues

- Inexperience in third party risk assessment
- Budget & resource constrained
- Limited vendors in the market
- High rebranding and sustainability costs following scandals

3. Ill-Equipped Market

- Immature, evolving market
- Limited players in the market offering third party risk tools

MARKET OPPORTUNITY

1. Efficient Operations

- Streamlined resources and processes
- Scalable third party risk program
- Cost effective tools and services

2. Proof of Due Diligence

- Satisfy regulatory requirements
- Avoid fines and reputational damage
- Continuous monitoring and review

3. Trusted Provider

- Reliable and trusted provider with high quality marketing leading intelligence

4. Suite of Solutions

- Single vendor with full suite of solutions for a third party compliance program



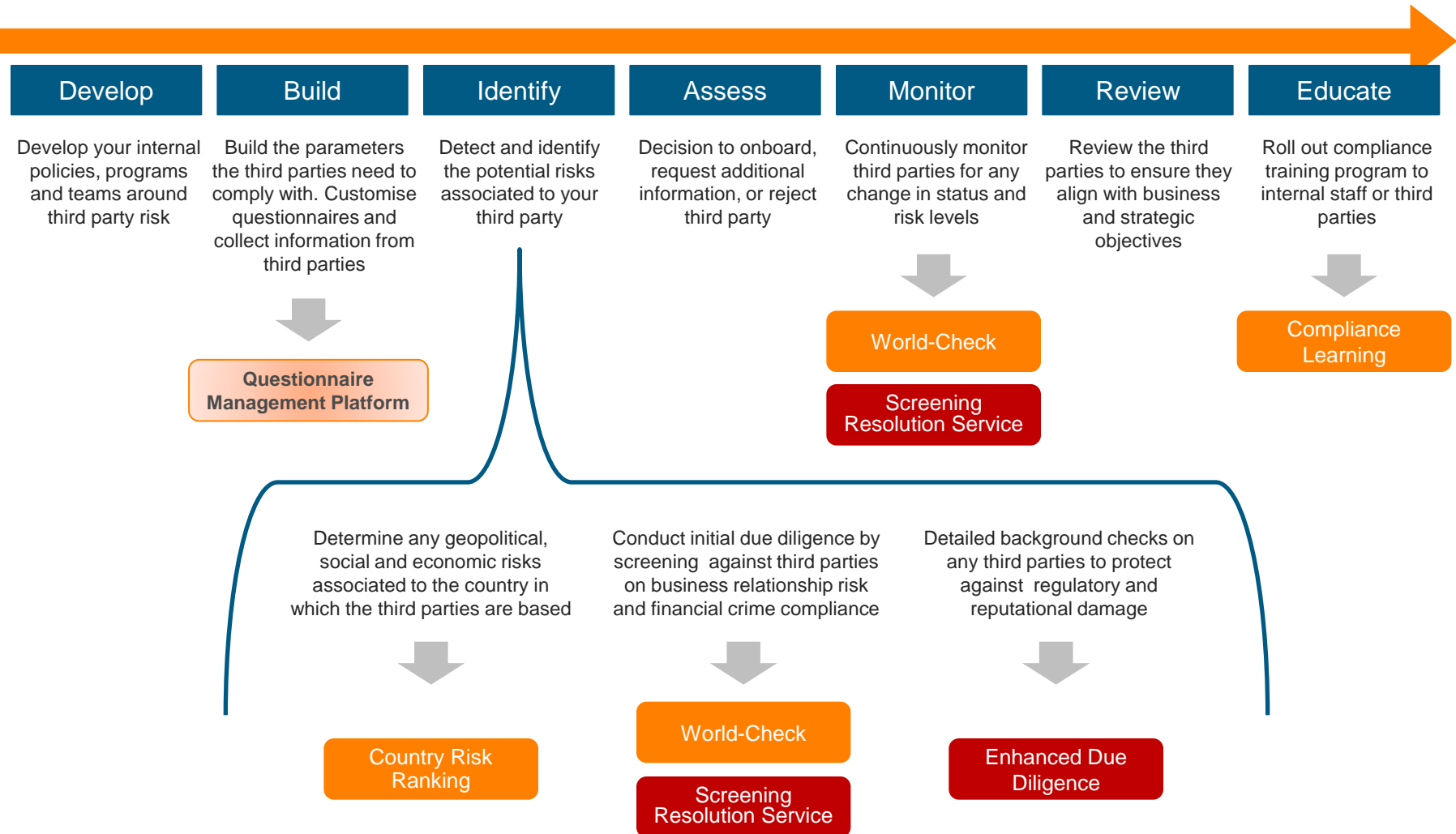
SOLUTION: Thomson Reuters Know Your Third Party solution provides the data, tools, analytics and services to identify, assess, monitor and mitigate against third party risk

KNOW YOUR THIRD PARTY TODAY

Self-Service

Managed Service

Partner Solution



THOMSON REUTERS VISION ENTITY RISK DATA AS THE LYNCHPIN



- ✓ Identify Concentration, Conflict, & Credit Risk
- ✓ Ensure Compliance
- ✓ Link Issuers & Instruments
- ✓ Connect People, Funds, & Entities
- ✓ Create visibility on Org Structure & Affiliations
- ✓ Assess Supply Chain Risk
- ✓ Discover Trading & Investment Opportunity

