



Guide to Mitigating Bribery & Corruption Risk in Joint Ventures

Want to access a new market, deliver ground-breaking innovations, scale up production or expand business into new territories? Joint ventures can be a highly effective strategy, allowing businesses to combine strengths with complementary partners to explore lucrative new markets, combine assets and operations to gain economies of scale or access skills and intellectual property to power innovation.

The benefits of joint ventures can be significant, but they are not without risk. When entering a joint venture, parties must conduct rigorous due diligence on all aspects of the prospective partner and a core pillar of due diligence is assessing bribery and corruption risk.

What key areas should companies focus on and how can LexisNexis® help?

Business Integrity



Country Risk



Reputational Risk



Regulatory Risk



Key Person Risks



Business integrity: Is the partner who they say they are?

A key compliance step when assessing a prospective joint venture is to establish that they are who they claim to be and legally exist in the relevant jurisdiction.

Nexis Diligence™ connects you to critical company and executive information so you can:

- Analyse current and historical company reports and filings to understand the financial stability of an organisation.
- Access extensive corporate profiles including SWOT analyses to clearly understand an organisation's strengths, weaknesses, opportunities, and threats.
- Review legal cases to see if an organisation has a litigious past that could indicate future legal complications.
- Look at the company's corporate hierarchy to avoid conflicts of interest due to unforeseen links with related entities.
- [Identify any beneficial owners](#) to help ensure compliance with global anti-corruption and anti-money laundering regulations.

Regulatory risk: Are other compliance issues like PEPs, sanctions, and watchlists in play?

Nexis Diligence™ includes coverage of lists published by governments and NGOs, so you can:

- Check key personnel against a global list of Politically Exposed Persons, featuring 1.5+ [million profiles on PEPs](#), as well as their family members and close associates. PEPs represent a higher risk for involvement in corrupt activity by virtue of their influence and position and are subject to a higher level of diligence.
- Verify that the partner and any associated entities do not appear on national or international sanctions lists,
- Make sure that neither the company or its leadership is named in nearly 1,400+ watchlists and blacklists originating from enforcement agencies in 240 countries and territories.

Reputational risk: Does the partner's corporate ethics/values align with yours?

When a company enters a joint venture, it ties its fortunes and brand reputation to the reputation and values of the partner organisation. It is important that these are fully understood and evidenced to avoid inheriting bad history.

Nexis Diligence™ enables qualitative research across 40,000 global, national, and regional news and business sources, including a news archive going back 40+ years, allowing you to:

- Identify corporate scandals and incidents of unethical behaviour via a negative news search about the prospective partner, using pre-set or customized terms to suit your risk profile.
- Review news, broadcast transcripts, and press releases to establish a picture of the company's ethical approach and values. This is useful if your prospective partner is a small entity with a minimal news footprint, where negative searches alone may not return useful results.
- Build a picture of the key personnel within the company, to identify any issues that may influence the decision to work together.

Key person risks: What is the tone at the top?

Corporate leaders set the tone and expectations for ethical standards throughout an organisation. If a key leader within the business has a chequered history, this may constitute unacceptable risk.

Nexis Diligence™ features comprehensive executive information, so you can:

- Thoroughly vet key executives by reviewing biographies, professional relationships, qualifications, association memberships and interests

Once due diligence is complete, regulators unanimously agree that ongoing monitoring should be put in place to ensure you stay alert to changes in status.

Country risk: What issues might arise due to expansion into new markets?

A common motivation for creating a joint venture is to expand presence in new geographical markets with the local partner providing in-country expertise, infrastructure, and distribution capacity.

Nexis Diligence™ brings together news, company, market, legal and regulatory information from sources around the world, so you can:

- Access country reports from CEEMarketWatch to understand macroeconomic and political considerations in 60 countries, including emerging markets in Asia, Eastern and Central Europe, Middle East/Africa, and Latin America.
- Review the legal and regulatory information for the country in question to determine if standards and attitudes toward bribery and corruption constitute elevated ABC compliance risk.
- Understand the network of relationships the prospective partner has with other companies and its presence in different geographies, particularly if they operate in countries with higher risk of corruption that could impact on your organisation's overall ABC risk.

ONGOING RISK MONITORING

The compliance status of joint venture partners and key personnel may change, especially in the present highly disrupted environment. It is therefore important that ABC due diligence not be a snapshot activity, but part of a robust strategy for managing ABC risk.

Nexis Diligence™ can be used in combination with [Nexis® Entity Insight](#), a risk monitoring solution that allows you to keep a continuous view of risk across critical third parties.

Using a proprietary risk-scoring algorithm and pulling from 75,000+ sources, Nexis® Entity Insight features a convenient dashboard offering an at-a-glance view of emerging risk with color-coded indicators and data visualisations that highlight:

- Changes in sanctions or watchlist status
- Bankruptcy risk and financial stability scores
- Negative news mentions related to Political, Economic, Societal, Technological, Legal and Environmental risk angles

Nexis® Entity Insight also features RSS feeds, enabling you to deliver critical risk-related information directly to a CRM or business intelligence platform.

Ultimately, a joint venture can be a successful way to develop your business and achieve your commercial ambitions, providing the partner you choose does not bring serious ABC risk to the table. By knowing your partner in-depth and maintaining that oversight through the course of the venture, you can identify, control, and mitigate risk factors to protect your business.

About LexisNexis® Nexis® Solutions

LexisNexis® Nexis® Solutions, part of LexisNexis® Legal & Professional, offers innovative technology with an unrivalled content collection of global news, business, market, and legal information. Our flexible solutions empower companies to:

- Establish and maintain trusted relationships with customers, suppliers and other third parties
- Monitor for signs of emerging threats across PESTLE factors
- Integrate targeted news, sanctions, watchlists and PEPs data into proprietary systems and AI applications
- Gain valuable insights into risks and opportunities to support informed decision-making

Because good profit comes from making the right strategic decisions.



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To be relevant, information needs to be up to date. This means that the risk assessment must involve the right people, draw on appropriate other sources of information and be repeated-or refreshed-on a regular basis.

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¹Diagnosing Bribery Risk." Transparency International UK. 2013. Accessed at: <https://bit.ly/3dPx20F>