

Comprehensive monitoring of supply chain risks

AI-driven Third-Party Intelligence Risk (TPRI)



The Key Questions

Businesses are faced with an **unprecedented amount of risks in their supply chains, and increasing ESG requirements.**

- How to keep **transparency** across the supply chain?
- How to improve understanding of the **financial strength** of suppliers?
- How to **adhere to ESG standards** relating to supply chain obligations?

A Path to Transparency

Third-Party Risk Intelligence (TPRI) is an **AI-driven solution** developed by Deloitte.

Combining financial, ESG and media data, TPRI provides a comprehensive assessment of risks and can identify **potential distress** in your third-party business partners.

TPRI uses the **following sources to evaluate risks:**

1. Automated open-source intelligence¹ capable of collecting and processing **media data** daily from over 210,000 sites in 195 countries and 11 languages, reviewing on average 3.3 million articles² each day, and providing **early warning signals**.

2. A standardized **ESG scoring model** based on the SASB framework, which combines data from prominent ESG data providers³ to achieve **coverage that is as complete as possible** (e.g. on human rights, carbon emissions, environmental and corporate social responsibility).
3. A **predictive machine learning financial model** covering over 154 million businesses around the world⁴ for the monitoring of financial risk.

In addition to collecting and processing data, TPRI also presents results in an interactive web-based dashboards that can be customized and incorporated into your own dashboards.

The New Imperative

A number of countries⁵, including Switzerland⁶, already has **national legislation to tackle ESG risks** in supply chains. The **Swiss legislation is aimed primarily at child labour**, and makes companies criminally liable for failure to comply with due diligence and reporting obligations on their supply chain partners.

However, **upcoming EU-wide legislation** represents a significant increase in companies' obligations⁷.

Businesses will be obliged to **monitor, identify and mitigate any infringements of human rights or environmental conventions across their value chain**, including indirect and well as direct business.

The EU-wide legislation will also **apply to non-EU companies active in the EU**, so Swiss companies with business dealings in the EU will also be affected.



Guidelines on the implementation of legislative requirements are vague and it is up to each company to decide what approach to take. Some may choose to rely on self-reporting by their suppliers. Others may procure third-party data, or opt instead for a more comprehensive outsourcing solution.

For each of these approaches, TPRI **can be customized to your needs, providing comprehensive and efficient support.**

Get in touch



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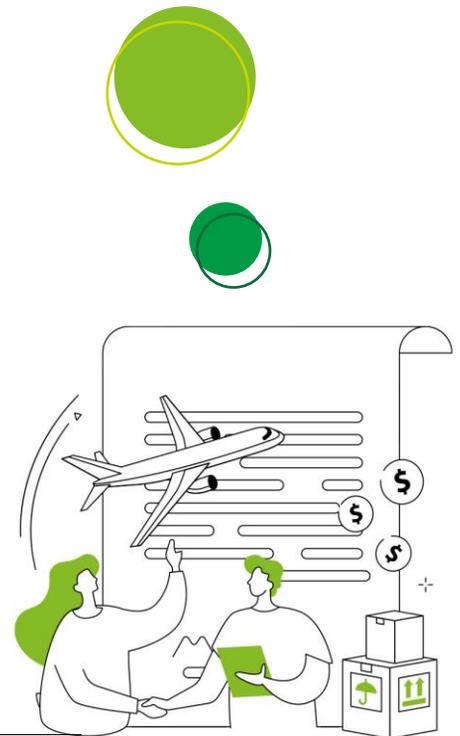


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Endnotes:

1. Machine learning-based natural language processing (ontology-based).
2. TPRI includes direct links to analysed information sources. Users can find the exact article where highlighted information was mentioned.
3. Data providers: Refinitiv and Moody's.
4. Data providers: Capital IQ and Bureau van Dijk.
5. For example:
 - The global sustainability disclosures from IFRS Foundation released in 2022.
 - In the US, climate disclosure rules by the US Securities and Exchange Commission (SEC) issued in 2022.
 - In China, the Guidance for Enterprises on ESG launched in 2022.
 - In Germany, the Supply Chain Act (Lieferkettengesetz) to enter into force on 1 January 2023.
 - In France, the Duty of Vigilance Act (Loi de vigilance) adopted in 2017.
6. Counter-proposal to the Corporate Responsibility Initiative (Gegenvorschlag zur Konzernverantwortungsinitiative) applicable from 1 January 2023.
7. Directive on Corporate Sustainability Due Diligence approved on 23 February 2022, likely to come into force in 2024.



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