



ANNEX A

Risk Assessment Matrix

For each new Third Party, all of the factors listed below should be considered. Each factor should be attributed a numeric value between 1 and 3, with one representing the least and three the most risky. The total score determines the Third Party's Risk Rating, as follows:

- A. Rating of 1 up to and including 13 results in Low Risk Rating.
- B. Rating of 14 up to and including 18 results in Medium Risk Rating.
- C. Rating of 19 up to and including 33 results in High Risk Rating.

#	QUESTION	ANSWER	COMMENTS TO ASSIST WITH RISK ASSESSMENT	SCORE
	Organisational Risks			
1.	Is the relationship with the Third Party new or existing?		New Third Parties should be subject to more thorough due diligence than existing Third Parties. This is not to say that existing Third Parties should not be subject to scrutiny to assess if the Risk Rating of the Third Party has changed. If existing, assign a score of 1 here and proceed with the assessment of the following questions to determine if further detailed diligence should be conducted.	



2.	Is the Third Party involved in providing financial or other regulated services (including legal services) subject to mandatory reporting or anti-money laundering laws in an EU or OECD country?		<p>If yes and you have grounds to consider the risk to be low, assign a score of -1.</p> <p>If yes, assign a score of 1.</p> <p>If no, assign a score of 2.</p>	
3.	Is the Third Party a public company listed on a recognised stock exchange?		<p>If yes and you have grounds to consider the risk to be low, assign a score of -1.</p> <p>If yes, assign a score of 1.</p> <p>If no, assign a score of 2.</p>	
4.	Are there adverse media reports or other relevant sources of information about the Third Party, the Third Party's wider group or its executive board? For example, are there any allegations of criminality or terrorism against the Third Party, the Third Party's wider group or the executive board(s) of the same?		<p>If yes, assign a score of 2 or 3, depending on the nature of the adverse media identified.</p> <p>If uncertain, assign a score of 3.</p> <p>If no, categorise the company with a score of 1.</p>	
Country Risks				
5.	Is the Third Party established, or its directors located (if known), in a country regarded by the Financial Action Task Force as a high-risk or other monitored jurisdiction? ²		<p>If yes, assign a score of 3.</p> <p>If no, assign a score of 1.</p>	

² As of March 2020, this includes North-Korea and Iran (both subject to a FATF Call for Action), as well as Albania, Bahamas, Barbados, Botswana, Cambodia, Ghana, Iceland, Jamaica, Mauritius, Mongolia, Myanmar, Nicaragua, Pakistan, Panama, Syria, Uganda, Yemen and Zimbabwe.



6.	<p>Is Third Party established, or its directors located (if known), in a country ranked within a medium or high risk band within Transparency International’s Corruption Perception Index (the “Index”)?</p>		<p>To check this, search for the country to obtain the latest available rating in the Index at the following link: https://www.transparency.org/cpi2020</p> <ul style="list-style-type: none"> • Any country ranked within rank 1-60 is categorised as low risk and attributed a score of 1. • Any country ranked within rank 61-120 is categorised as medium risk and attributed a score of 2. • Any country ranked within rank 121-180 is categorised as high risk and attributed a score of 3. 	
7.	<p>Does the proposed transaction/relationship with the Third Party involve a country (e.g., as origin of supply) ranked within a Medium or High risk band within Transparency International’s Corruption Perception Index (the “Index”)?</p>		<p>To check this, search for the country to obtain the latest available rating in the Index at the following link: https://www.transparency.org/cpi2020</p> <ul style="list-style-type: none"> • Any country ranked within rank 1-60 is categorised as low risk and attributed a score of 1. • Any country ranked within rank 61-120 is categorised as medium risk and attributed a score of 2. • Any country ranked within rank 121-180 is categorised as high risk and attributed a score of 3. <p>If the answer is uncertain, then assign a score of 3 and include appropriate safeguards relating to this uncertainty using the compliance clauses in the contract with the Third Party.</p>	
8.	<p>Is the Third Party a government agency/body or a state-owned or controlled entity?</p>		<p>If yes, assign a score of 3. If no, assign a score of 1.</p>	
Product/Services Risks				



9.	Does the Third Party or its wider group have links to sectors that are commonly associated with high corruption risk, such as construction, pharmaceuticals/healthcare, defence, the extractive industries or public procurement?		If yes, assign a score of 2. If no, assign a score of 1.	
10.	Will the Third Party need to engage with government officials as part of the proposed transaction/relationship? For example, in obtaining licenses, customs clearances etc.		If yes and on behalf of HES, assign a score of 3. If yes, but on own behalf, assign a score of 2. If no, assign a score of 1.	
11.	Do you or HES have any reason to believe that the Third Party will be using agents or intermediaries to perform any functions as part of the proposed transaction/relationship?		If yes, assign a score of 3. If no, assign a score of 1.	
Unresolved Red Flags				
12.	Have any other Red Flags, as included on the List of Red Flags, been identified in relation to the Third Party?		Depending on the Red Flags identified, assign a score of 1, 2 or 3 per Red Flag.	

Total score:	
Risk Rating:	