



# Vendor Due Diligence Checklist

Examine potential suppliers using a vendor due diligence checklist to reduce risk in the vendor selection procedure.

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## INTRODUCTION

In a world increasingly vulnerable to data breaches and identity theft, safeguarding both your own and your customers' sensitive information is paramount. Customers entrust you with their data, making it vital that chosen vendors have robust security measures in place. Selecting vendors is pivotal, particularly regarding third-party information security.

Once suitable vendors are identified, gathering information for a risk-based vendor selection approach becomes crucial through the Third-Party Vendor Due Diligence Process. This enables assessing potential risks and fortifying defences against unreliable vendors. Vendors manage various operations, like call centre management or data storage, but you can never outsource risk.

Regardless of reputation, vendors introduce risks due to their access to your data and infrastructure. Thoroughly vetting vendors using a Due Diligence Checklist is essential.



## Third-Party Vendor Due Diligence Checklist:

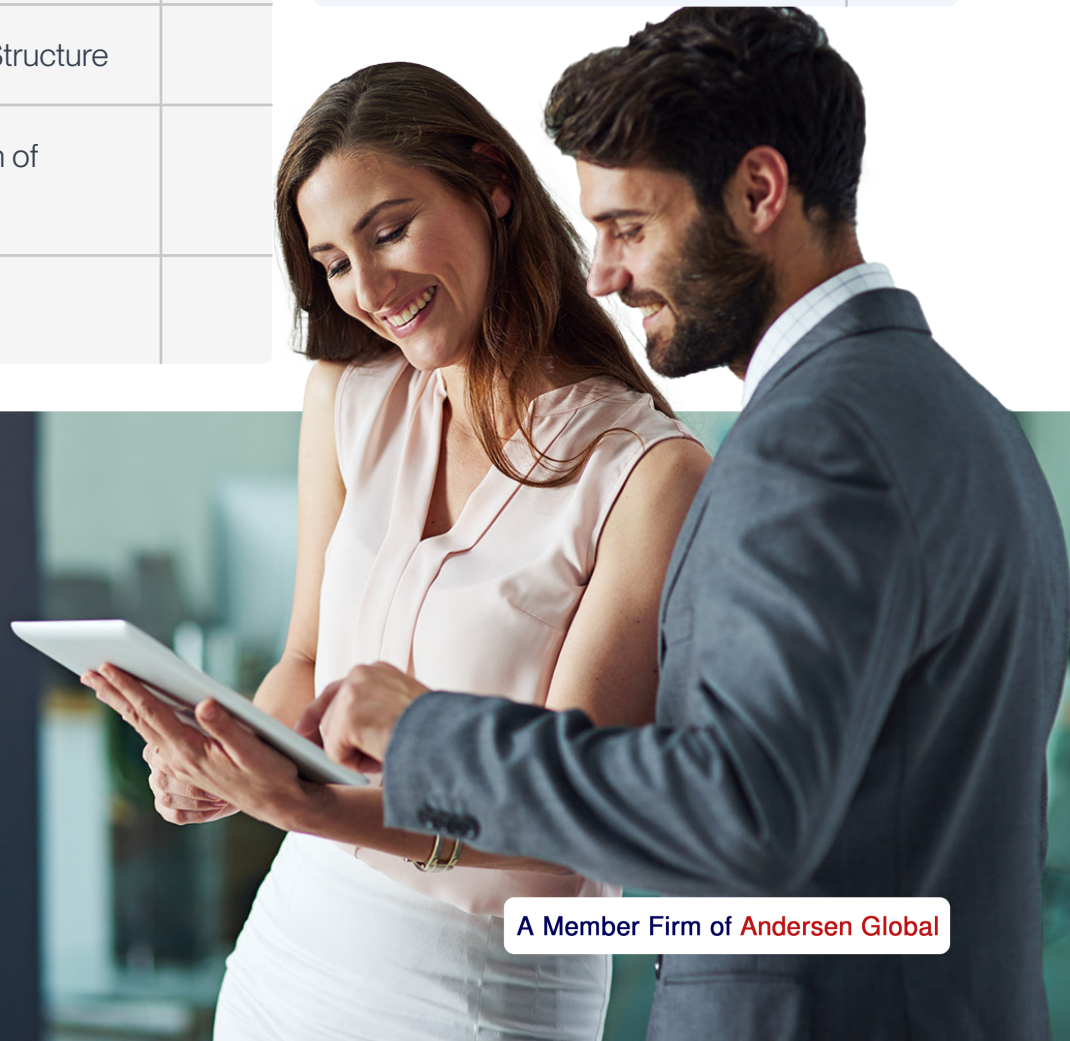
We've created this Third-Party Vendor Due Diligence Checklist to outline the kinds of information that should factor into procurement decisions. While not every item on this checklist is obligatory, the more you address, the better you'll manage risk in selecting vendors.

### General Information

Articles of Incorporation	
Business License	
Mission Statement	
Comprehensive List of All Services Location(s)	
Proof of Location(s)	
Overview of Company Structure	
Biographical Information of Executives	
List of Subcontractors	

### Financial Review

Annual Report (if publicly traded)	
Tax Documents	
Loans & Other Liabilities	
Major Assets	
Principal Owners	



## Insurance

General Liability	
Cyber insurance	
Insurance Specific to Services	

## Reputational Risk

Code of Conduct	
Litigation History of Company & Key Individuals	
Negative News Reports	
Complaints & Negative Reviews	
Reports from Agencies like the CFPB or BBB	

## Information Security Technical Review

Internal or External Audit Reports	
Penetration Testing Reports	
Risk Assessment	
Network and Data Flow Diagrams	
History of Data Breaches and Security incidents	
Site Visits or Other Tests to Assess Physical Security	
Business Continuity Plan	
Disaster Recovery Plan	
Security Awareness Training Performance	

## Policy Review

Information Security Policy		Vendor Management Policy	
Privacy Policy		Data Retention & Destruction Policy	
Change Management Policy		Hiring Policy	

## CHOOSING A COMPLIANT VENDOR

After your potential vendors have responded to the Third-Party Vendor Due Diligence Checklist, you may encounter the following scenarios:

- One vendor may decline to provide answers to essential checklist criteria. Depending on the nature of these criteria, you may have reason to doubt their processes and question their alignment with your standards.
- Another vendor's responses may indicate a significant risk to your company that cannot be reasonably mitigated. In such cases, it may be prudent to eliminate them from consideration.
- Should your initial evaluation prompt further inquiries, don't hesitate to seek clarification. Vendors genuinely interested in your business will be willing to engage in the due diligence process.
- Finally, if one vendor's security procedures clearly surpass those of others, your decision becomes evident.

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A hiker in a bright orange jacket and a yellow backpack is seen from behind, standing on a mountain trail and looking out over a vast, hazy landscape of rolling hills and valleys under a sunset sky. The hiker is holding a trekking pole.

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