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Control Risks

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► Agenda

Today we will cover...

- Control Risks' context
- The evolving role of compliance
- Connecting the external and the internal
- Contemporary risk assessments
- Plenty of question time



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Control Risks

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► Global specialist risk consulting firm

5500+
clients

2500+
employees

40+ years in
operation

Experience in
150+ countries

36
offices

Abu Dhabi | Al Khobar | Amsterdam | Baghdad | Baku | Beijing | Berlin | Bogotá | Chicago | Copenhagen | Delhi | Dubai | Erbil | Hong Kong | Houston | Islamabad | Jakarta | Johannesburg | Lagos | London | Los Angeles | Mexico City | Moscow | Mumbai | Nairobi | New York | Panama City | Paris | Port Harcourt | São Paulo | Seoul | Shanghai | Singapore | Sydney | Tokyo | Washington DC



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Control Risks RISKMAP2019

Top Five Risks

1. US-China economic conflict
2. Global data fragmentation
3. American political gridlock
4. Environmental regulation
5. Multinationals & geopolitics



controlrisks.com/riskmap

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Beyond headlines: what does it mean?

**Greater political and
regulatory exposure for business
especially in election season...**

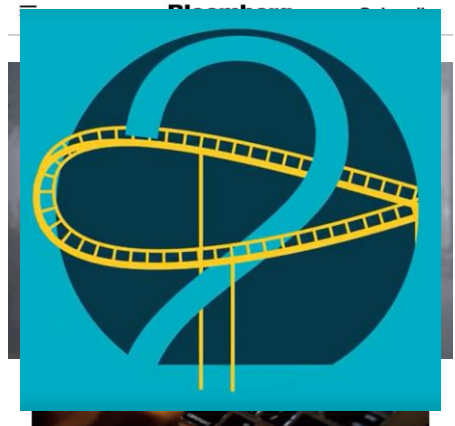
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Control Risks

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► Direct and indirect impacts

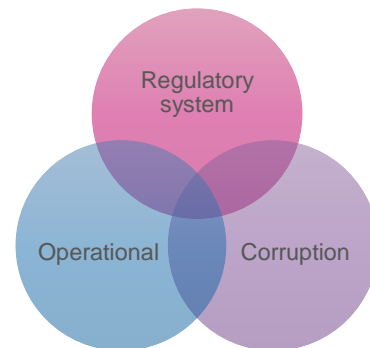
- “*All politics is local*” (aka national populist)
- Disruption – *not just from technology*
- Weaponised regulation
- “Data nationalism” and “digital authoritarianism”



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► Challenging operating environments

- Decentralised
- Governance gaps
- Uneven enforcement
- Collusion
- Limited transparency
- Inadequate infrastructure
- Restrictive labour laws
- Biased media

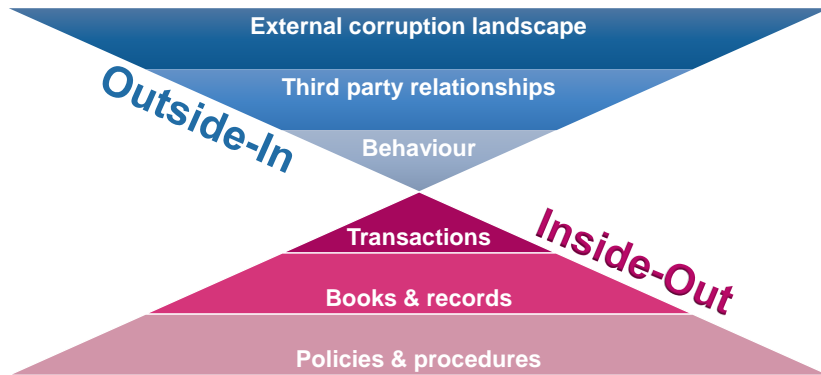


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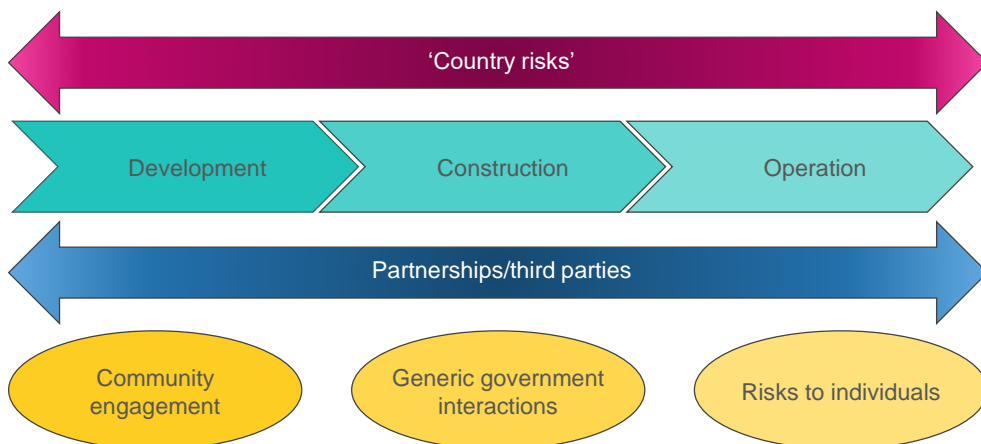
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► Outside-in and inside-out



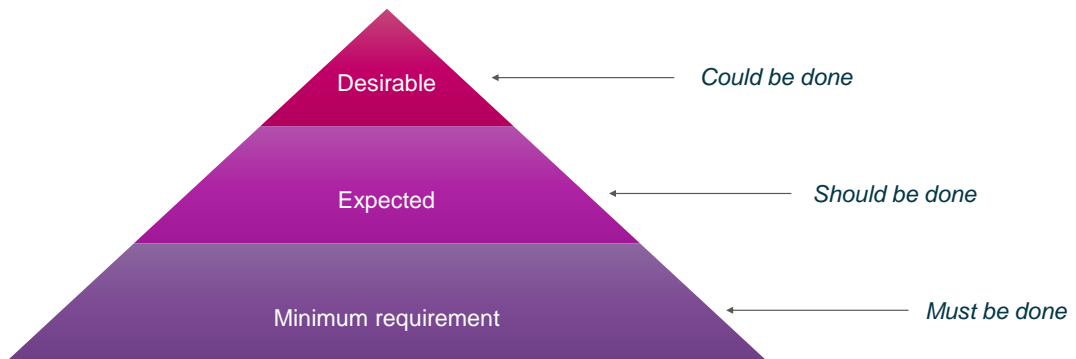
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► External risks – an infrastructure example



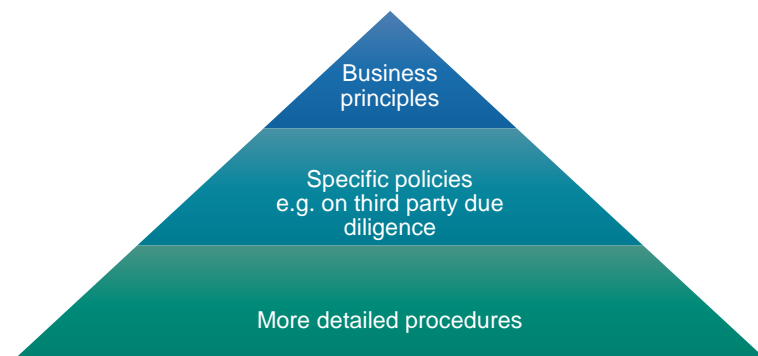
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► Ensuring adequacy of compliance



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► Hierarchy of policies and procedures



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Contemporary

Updating risk assessments

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► Risk assessment matrix

Likelihood	Almost certain					
	Likely					
	Credible					
	Unlikely					
	Rare					
		Insignificant	Minor	Moderate	Major	Extreme
		Impact				

Definition of likelihood

Term	Definition
Rare	May occur
Unlikely	Could occur
Credible	Might occur
Likely	Will probably occur
Almost certain	Expected to occur

Definition of impact

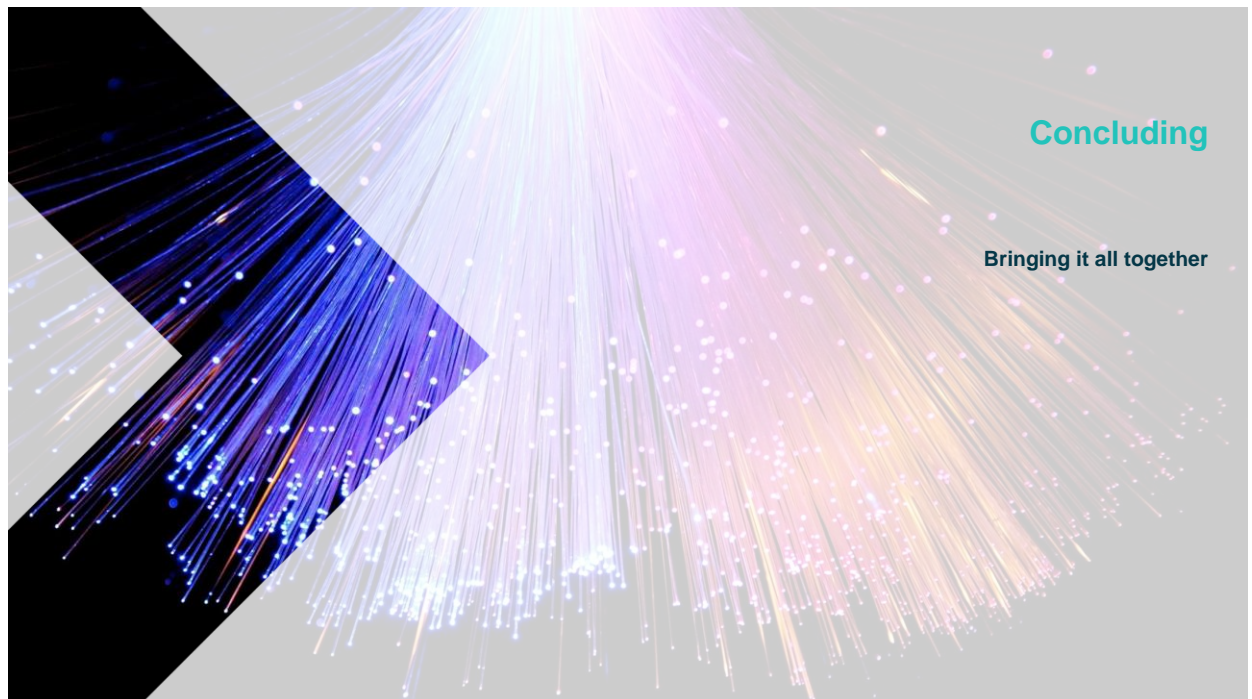
Term	Definition
Insignificant	Limited
Minor	Unlikely
Moderate	Likely
Major	Serious
Extreme	Severe

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► Risk register: Impact of refusal to pay

No.	Potential source of corruption demands	Interaction with a company			Explanation
		Transaction	Likelihood of corrupt demand	Impact of non-payment	
1	Environmental Management Agency (EMA)	Application for Consent to Operator (CTO) for air and water	Credible	Major	CTO is granted for 3 years. The SPCB requires to the company to seek approval from the Water Board before it can proceed.
2	EMA	Inspections (2-3 times a year)	Credible	Major	A factory in the same sector and region was shut down temporarily by the SPCB for non-compliance.
3	EMA	Monitoring of disposal of hazardous waste	Credible	Major	If the company is not compliant, the SPCB can levy fines or shut down the factory.
4	Factory Safety Inspectorate	Certificate for use of boiler – renewal is annual and after an inspection that occurs every 6 months	Credible	Major	Company cannot run the factory without these licences.
5	Weights and Measures Department	Filler machine verification certificate; weighbridge verification certificate; storage tank verification certificate	Credible	Major	Department has the right to shut down factories that are not compliant. This has happened in other states.
6	Labour Inspectorate	Inspector checks the attendance register, sample ID cards and sample pay slips (wages sheet) of contractual staff	Almost certain	Minor	There is an official penalty for incorrect or false information.

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► Mitigation and questions

Know what drives those who
make policy and regulation

Ensure you are compliant
with local regulations

Know your third party
exposure

Actively monitor political and
competitive developments

Watch for 'triggers'

Practice response and
resilience

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