

September 15, 2019

Political risk analysis helps reveal local compliance risks and right-size program design

SCCE CEI

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► Structure



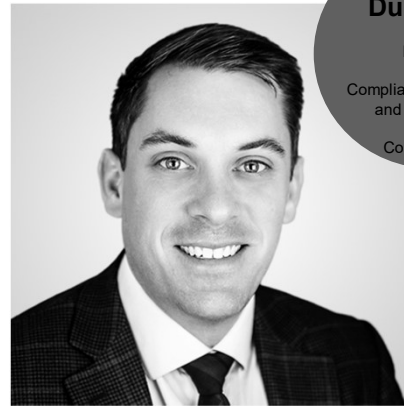
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► Presenters



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► About us

Control Risks is a specialist risk consultancy that helps create secure, compliant and resilient organisations. We believe that taking risks is essential to success.

Where we are

- **2,600 employees**
- **36 offices**
- **26 countries**
- **8 data centres across the globe**





► The global reality of business



A global footprint naturally increases exposure to the vagaries of geopolitics, from trade wars to real conflict. But recently, the degree of political risk faced by companies has intensified. This can have significant impacts on the compliance challenges faced by companies.



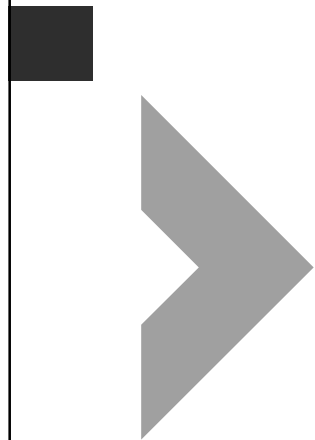
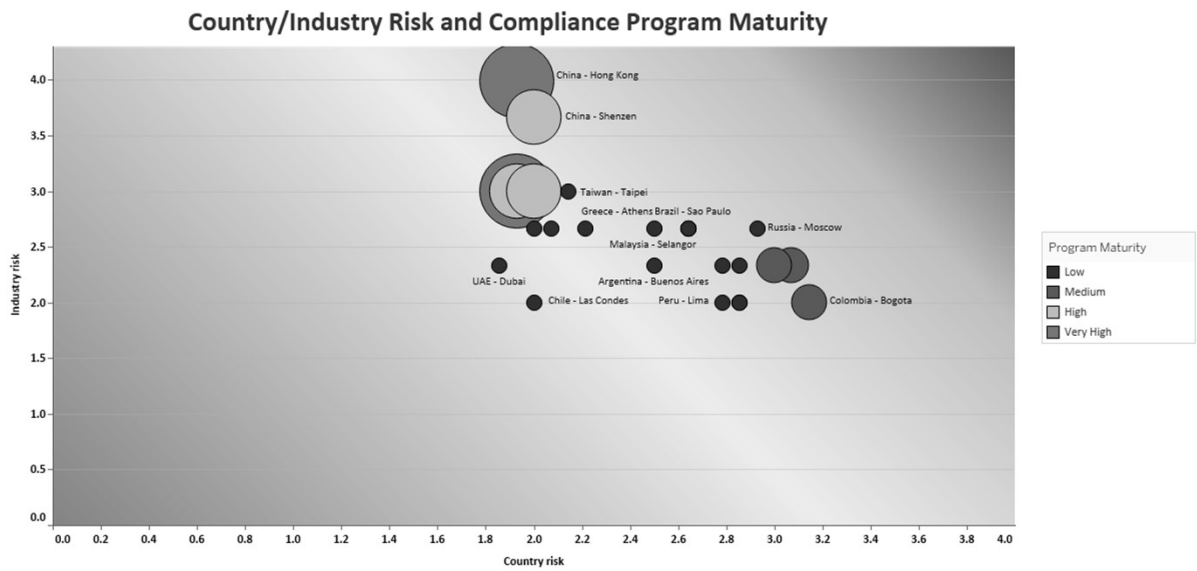
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POLITICAL RISK															
National level														Local level	
Contract risk	Regulatory risk	Regulation on local content requirements	Macroeconomic stability (focus on inflation)	Tax risk (incl. royalties regulation)	Judicial delays	Judicial independence	Geopolitical risk / international relations	Political stability	Government interference	Attitudes towards foreign direct investment (FDI)	Resource nationalism	Attitudes towards mining sector	Local level politics	Risks related to permitting (e.g. delays)	OVERALL POLITICAL RISK (MEAN)
3	3	2	2	3	3	3	3	5	4	3	3	4	5	2	3.2
1	2	1	2	2	3	2	1	3	1	1	1	1	1	3	1.7
1	2	1	2	2	3	2	1	3	1	1	1	1	1	3	1.7
1	2	1	2	2	3	2	1	3	1	1	1	1	1	3	1.7
3	3	2	1	2	2	2	2	3	3	2	3	3	3	3	2.5
2	1	1	2	3	2	3	1	2	2	1	1	2	1	1	1.7
2	1	1	2	3	2	3	1	2	2	1	1	2	4	2	1.9
2	1	1	2	3	2	3	1	2	2	1	1	2	3	3	1.9
3	3	2	3	2	3	4	2	3	2	2	2	4	3	1	2.6
4	2	2	2	2	2	2	2	2	2	2	2	1	2	4	2.2
1	4	3	4	2	2	2	2	3	2	1	3	3	2	2	2.4

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More informed risk assessments

- ▶ More accurately prioritize red flags and other areas of concern.
- ▶ Local knowledge applied to benchmarking and red-flag identification processes helps focus resources.

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Understanding your stakeholders in investigations

- ▶ Identifying the potential external stakeholders in your investigations can help you anticipate where political influencers and antagonists may impact outcomes before it materializes.

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Putting compliance in a position to inform strategy

- ▶ Certain types of transactions, relationships or activity lend themselves more easily to manipulation or compliance risks and are thus likely to be a focal point for compliance review.
- ▶ Anticipating your sources of compliance risk and how these sources will materialize in a specific locality or sector allows you to make fully informed strategic decisions.

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Customizing your compliance program to local needs

- ▶ The ability to execute compliance procedures takes on different forms in different places, and the consequences of getting it wrong are increasingly more costly.
- ▶ Poorly formulated compliance procedures can result from headquarters failing to take local realities into consideration when demanding adherence to relevant laws and ethical standards

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Providing better compliance oversight to enable Boards

- ▶ Senior management and Boards are tasked with overseeing the company's compliance programs.
- ▶ Arming them with up to date intelligence and analysis, presented in an easily digestible format, on how risks may involve will enable oversight roles to dedicate resources and attention to critical issues.

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▶ Questions?



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