

# Risk Management and Compliance Processes

Risk management is important in any kind of business operations, particularly when taking into consideration the affects of globalisation, increased regulation and the increased responsibilities of Board members

PwC divides risk management into three stages: risk assessment, risk management strategy and risk management disclosure. The interplay between these three stages than helps organisations to react to any kind of risks and threats to their operation.

## The Three Stages of Risk Management

### Risk Assessment

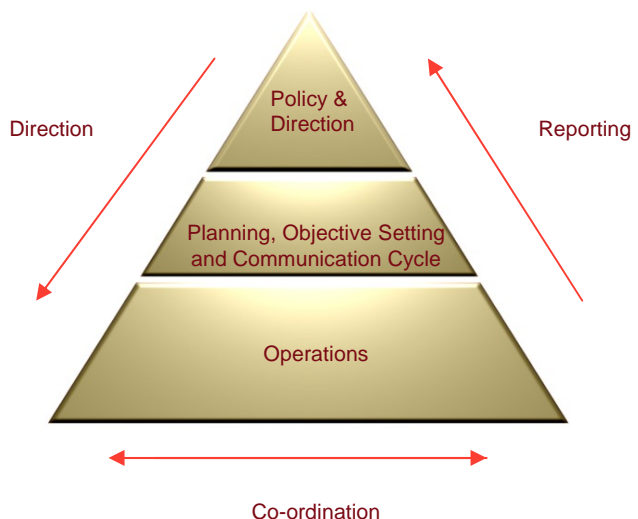
When developing corporate strategy it is important that the Board or senior executives know and understand the main risk factors, are able to analyse risk, and understand the threats and opportunities involved.

### Risk Management Strategy

The senior executives are responsible for creating a strategic risk evaluation plan approved by the Board based on the risk assessment. The Board must also regularly receive information concerning the development of the ongoing risk assessment.

### Risk Management Disclosure

The Annual Report should include information on risk management procedures, which will increase corporate credibility for shareholders, creditors and other stakeholders



Why risk management and what is it really about?

What is PwC's risk management framework about and what does it cover?

What are the benefits of implementing risk management at all stages of the company's operation?

# Our Experience

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## Implementing Risk Management Framework

Risk management framework addresses stakeholder relationships and organisational factors at strategic, tactical and operational levels as an integral part of management routine. The main focus is on:

- The importance of articulating the role of senior executives in managing key risks on a group basis and quantify risk impact.
  - Management linking risks to business priorities and identifying their objectives and possible opportunities, and using risk information in business decisions.
  - Embedding risk management in business processes and controls, and end-to-end management of risk in all major projects.
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## Your risk management frame should cover

- Any major changes, planned or unplanned
  - Capital projects
  - Politically sensitive projects or pet projects
  - External risks which could be difficult to identify and control
  - Knowledge and application of critical know-how
  - Delivery of IT systems and outsourcing arrangements
  - Collusive fraud by management
  - Reputational impact
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## Embedding core risk activities across the organisation

- Set context by identifying drivers and business objectives
  - Identify critical risks affecting the ability to achieve business objectives
  - Assess the likelihood and impact of occurrence
  - Develop business response and risk-based business / internal audit plans
  - Report risks and implement compliance processes
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## The benefits of PwC's risk management framework

- More confidence at executive and management levels that key risks will be managed
- Management better able to take calculated risks including major capital expenditure
- A tool to handle change with a common language for improvement
- Help management meet business objectives and win opportunities
- Improved stakeholder relationships through better communication and improved management expectations
- Compliance with new legislation and regulations

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