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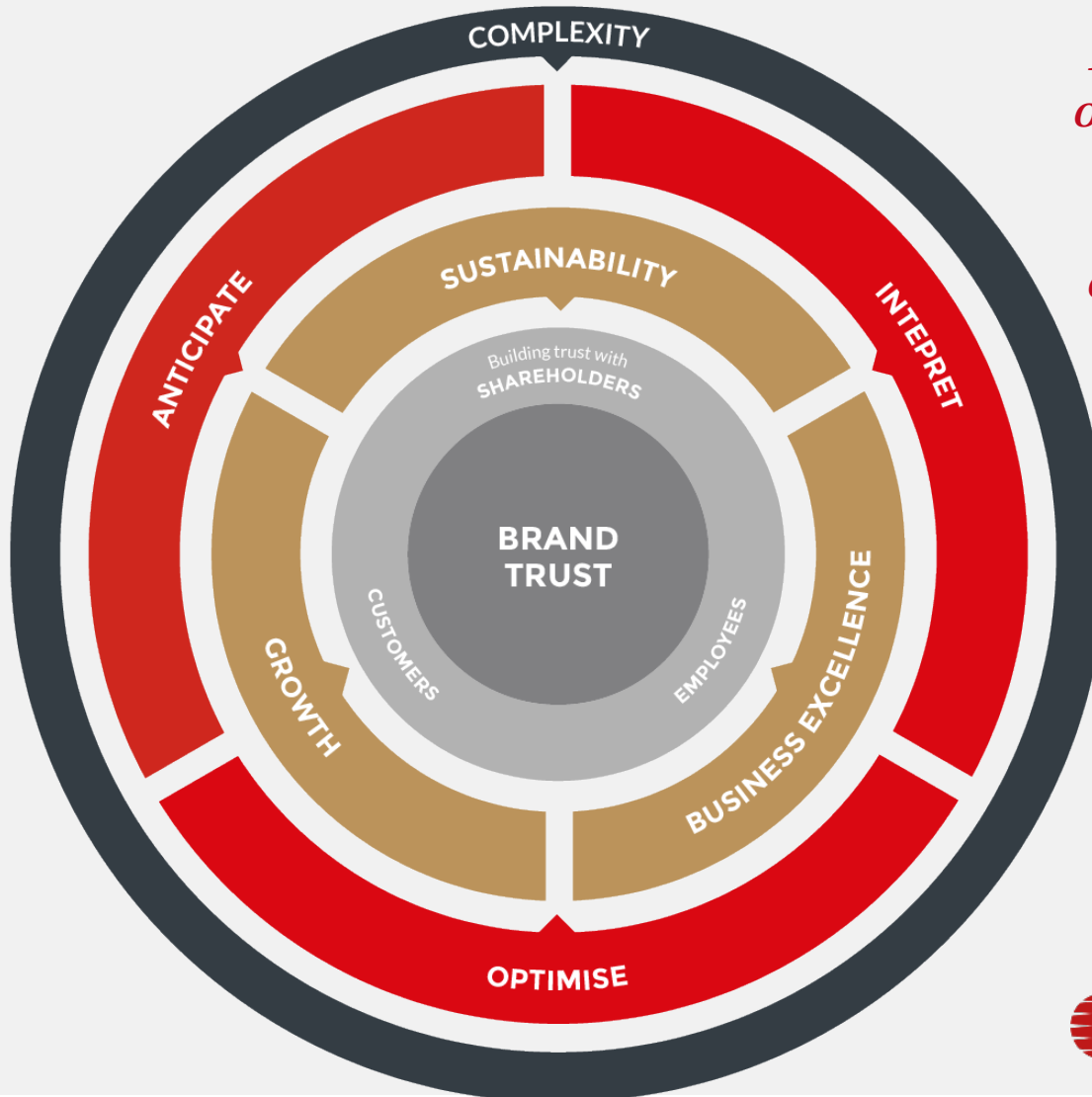
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Intelligent Risk

Nicole Grantham

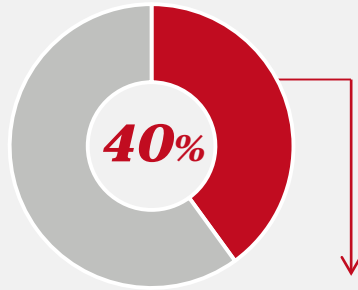
Intelligent Risk



*In an environment
of rapid change and
complexity one
currency is
elevating above all
others: **trust***

Even formal risk programs are immature

Companies with formal and comprehensive risk management programs



Optimized: Our processes are consistently monitored and improved to maximize business performance.

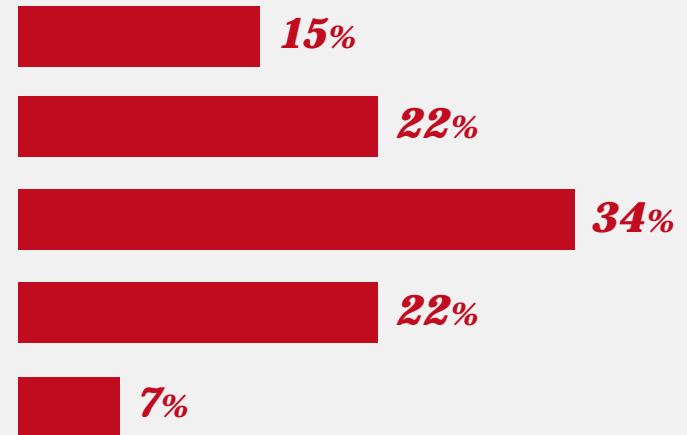
Measured: Our processes are tracked and managed using advanced metrics facilitated through technology.

Defined: Our processes are clearly defined and well-documented across risk functions.

Repeatable: Our processes are mostly consistent, based on most pressing needs, but not connected across all risk functions.

Ad-hoc: Our processes are generally not consistent across risk functions.

Maturity of formal risk programs



So how does “Intelligent Risk” move the dial?

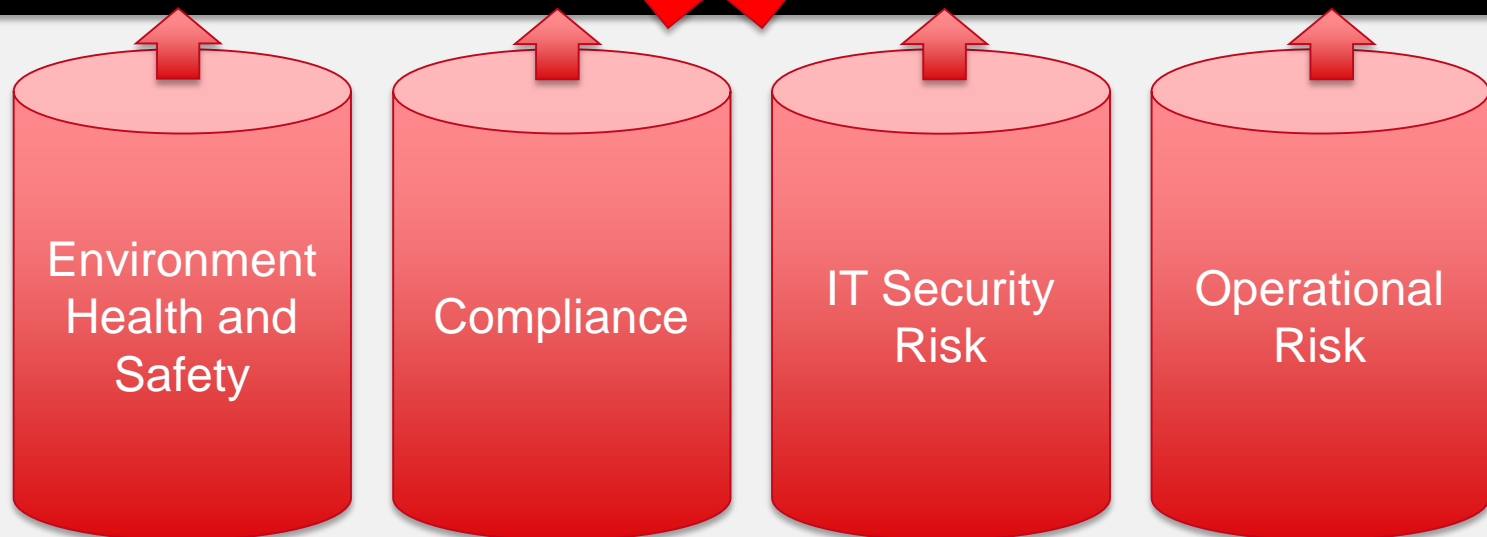
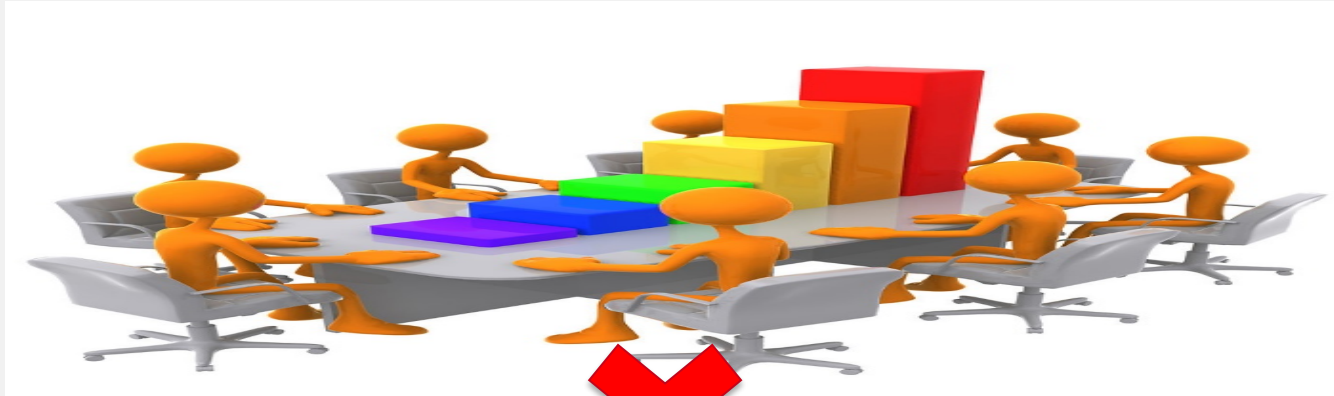
Successful risk management

Engages the **leadership** of the business
– the key decision makers

Provides valuable **insight** on risks that matter

Supports an **aligned culture** around taking risk

Engaging Leadership



Environment
Health and
Safety

Compliance

IT Security
Risk

Operational
Risk

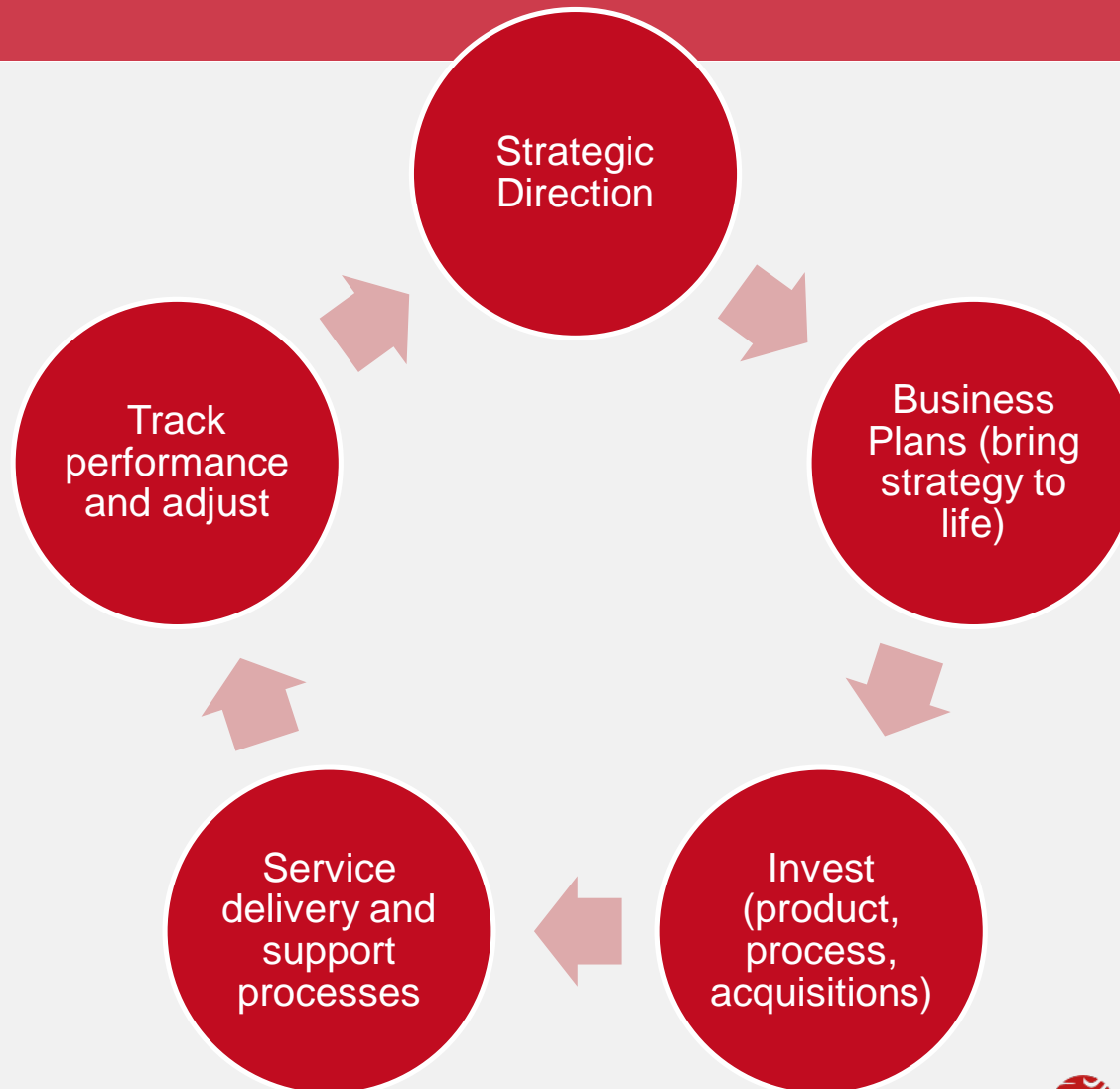
Set out your vision

Risk Policy

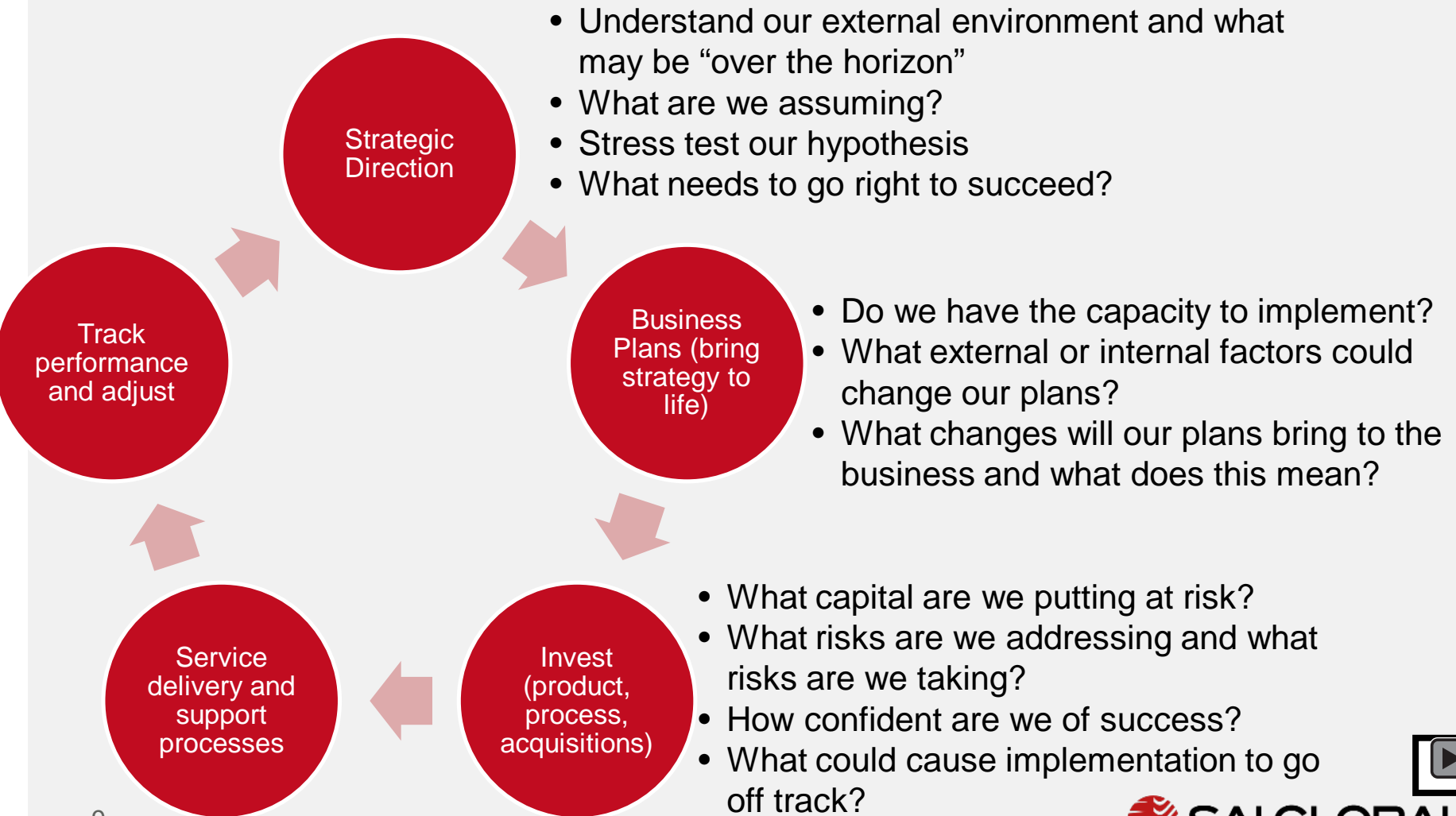
Managing risk effectively is critical to achieving our strategic business objectives and growing value. Risk is “the effect of uncertainty on objectives.”

If we do not take risks, we cannot grow – but if we do not understand and manage the risks that we take, we will not succeed.

Risk management in every decision



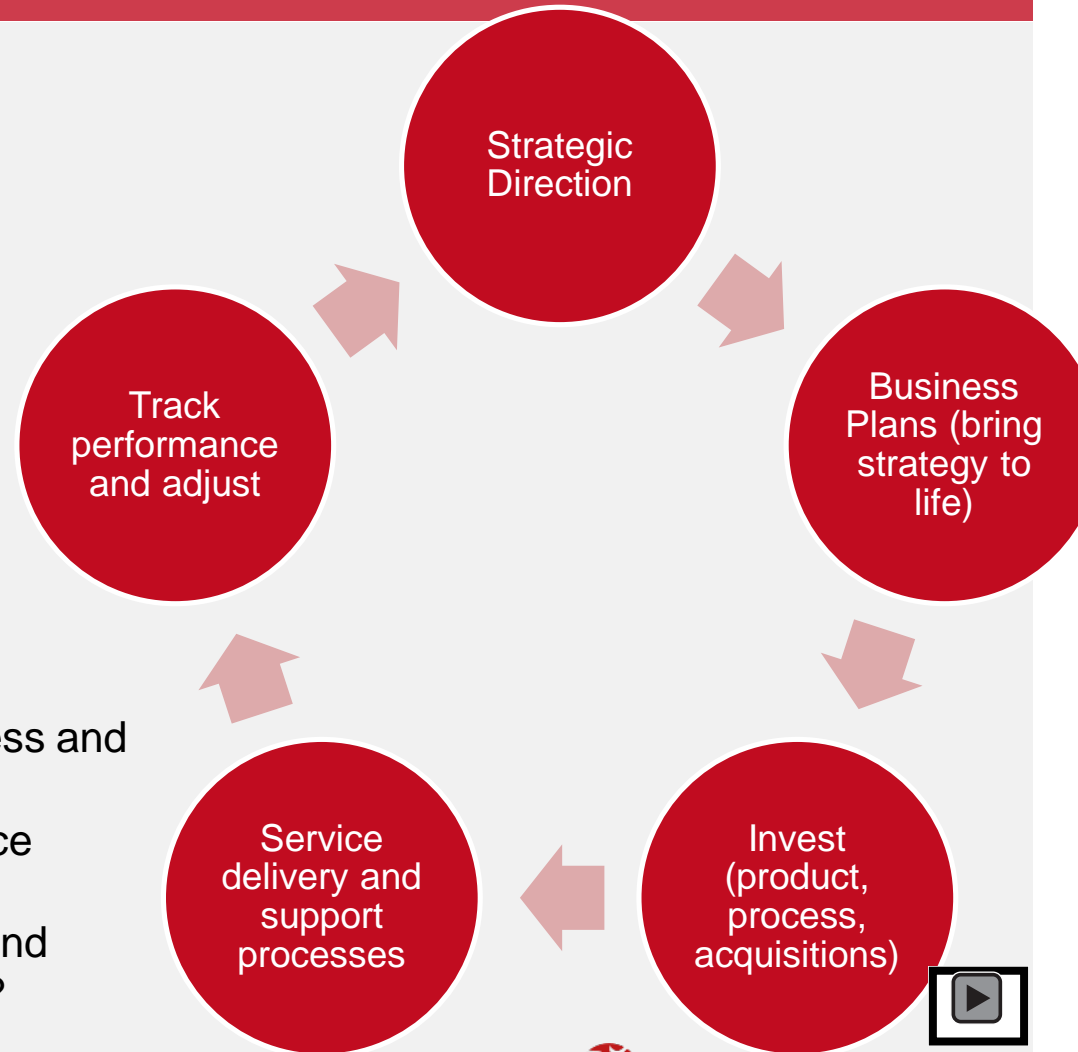
Risk management in every decision



Risk management in every decision

- What do our business performance metrics tell us?
- Are we on track – if not why not?
- Are our controls operating as we expect?
- What sort of incidents are we experiencing and what do they tell us?

- What are the drivers of success and how do we rate?
- What are the causes of service failures?
- Do our policies, procedures and processes address key risks?



Drive strategic risk discussions

What are the threats and opportunities in your industry and business model?



Understand the risks of different options – and do you have the capacity to take that level of risk



Strategy



Use risk to help set the strategic direction – not as an afterthought



Make Risk Appetite Real

*What risks
are we
willing to
take?*




*Consider
our
stakeholders*

*Proactively
understand
performance*

Risk Appetite linked to business model

Business Decisions	Our Investors	Our Customers	Our People	Our Regulators	Our Communities
Acquire strategically aligned businesses	<ul style="list-style-type: none"> • We will pay competitive multiples to acquire scale and/or targeted capability 	<ul style="list-style-type: none"> • We acquire for strategically aligned product that can be integrated into Product Strategy and/or realistic prospect of growth in market (new or existing) 	<ul style="list-style-type: none"> • We have no appetite to acquire if we cannot be assured that high standards of safety are achievable 	<ul style="list-style-type: none"> • We will not acquire businesses that have a history of regulatory or contractual non-compliance that is unresolved 	<ul style="list-style-type: none"> • We will not acquire businesses that have unethically exploited the communities in which they operate
Enter New Markets (geographic/product)	<ul style="list-style-type: none"> • We will expand into strategically aligned markets where there is opportunity for growth 	<ul style="list-style-type: none"> • We will build our risk related consulting capability, but technology solutions are our primary focus 	<ul style="list-style-type: none"> • We will not enter markets where we cannot be assured that high safety standards are achievable 	<ul style="list-style-type: none"> • We confirm that we can meet regulatory requirements before entering into new markets 	

Understand performance against appetite

Appetite Statement	Controls	Oversight & Assurance	Measures	Tolerances
Ethical Behaviour We will not accept unethical behaviour, including bribery and corruption 	<ul style="list-style-type: none"> Code of Business Conduct and related training Anti-Bribery and Corruption Policies (ABAC) and related training Anti-corruption clauses in standard contracts and shareholder agreements (joint ventures) Gift Register Whistleblower Program Crime Insurance 	<ul style="list-style-type: none"> Annual reporting to Risk Committee on ABAC program Annual Reporting to Risk Committee on Whistleblower Program Reporting to Risk and Audit Committees of any fraud detected in business Group Internal Audit¹ 	<ul style="list-style-type: none"> Proportion of staff completing ABAC and Our Values at Work training Incidents monitored to confirm appropriate response, with reporting to the Risk Committee 	<div data-bbox="1651 442 1748 621"> <div>>98 %</div> <div>90-98%</div> <div><90%</div> </div> <div data-bbox="1661 642 1748 771"> ABAC and Code of Conduct Training </div>
Safety We will keep our people safe 	<ul style="list-style-type: none"> WHS Policy and management system WHS employee training International travel policy, training and risk assessment WHS performance included in remuneration framework 	<ul style="list-style-type: none"> Group WHS Manager Group Internal Audit WHS report to Risk Committee 	<ul style="list-style-type: none"> WHS training² completion rates LTIFR Status of WHS Risk and inspection program 	<div data-bbox="1593 806 1690 978"> <div>>98 %</div> <div>90-98%</div> <div><90%</div> </div> <div data-bbox="1613 992 1690 1035"> WHS Training </div> <div data-bbox="1738 806 1835 978"> <div>>90 %</div> <div>80 - 90%</div> <div><80%</div> </div> <div data-bbox="1748 992 1845 1035"> Risk Prog </div>
Financial Integrity We will not accept material misstatement of our financial statements and we will take a prudent approach to accounting judgements and estimates 	<ul style="list-style-type: none"> Financial Control Framework, including Group Finance review of results, Reconciliations, Audit Committee review of significant accounting estimates and changes in accounting policy Quarterly internal control questionnaire 	<ul style="list-style-type: none"> Group Internal Audit External audit Audit Committee 	<ul style="list-style-type: none"> Timely resolution of Internal Audit findings and External Audit Management Letter Points related to financial reporting and tax Balance sheet reconciliations completed 	<div data-bbox="1593 1120 1690 1292"> <div>>95 %</div> <div>90-95%</div> <div><90%</div> </div> <div data-bbox="1613 1306 1690 1349"> Audit Points </div> <div data-bbox="1738 1120 1835 1292"> <div>>95%</div> <div>90-95%</div> <div><90%</div> </div> <div data-bbox="1767 1306 1845 1349"> Recs </div>



Intelligent Risk Provides Valuable Insight



Risks that matter



Business intelligence



Driving action & accountability



Risk reports drive “rich” conversations

Risk Management Solutions Strategic Risks

Risk Management Solutions		
GM \$xxm Assurance	GM \$xxm Knowledge	GM \$xxm Risk & Learning

External Risks and Opportunities

- | | | |
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| <ul style="list-style-type: none"> External risks that shape strategic options, including structural issues, regulatory changes, technology disruption External risks that shape strategic options, including structural issues, regulatory changes, technology disruption | <ul style="list-style-type: none"> External risks that shape strategic options, including structural issues, regulatory changes, technology disruption External risks that shape strategic options, including structural issues, regulatory changes, technology disruption | <ul style="list-style-type: none"> External risks that shape strategic options, including structural issues, regulatory changes, technology disruption External risks that shape strategic options, including structural issues, regulatory changes, technology disruption External risks that shape strategic options, including structural issues, regulatory changes, technology disruption |
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Summarise the external risks and opportunities

Strategic Objectives

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Summary of the strategy for this business line - could be to invest to grow, maintain and harvest value, divest. Key elements of the strategy should be called out.</p> | <p>Summary of the strategy for this business line - could be to invest to grow, maintain and harvest value, divest. Key elements of the strategy should be called out.</p> | <p>Summary of the strategy for this business line - could be to invest to grow, maintain and harvest value, divest. Key elements of the strategy should be called out.</p> |
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Call out the strategic objectives

Risks to Achieving Strategic Objectives

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Risks of executing the strategy will vary based on strategic objectives. Should consider the capability of the organisation to execute the strategy. Risks of executing the strategy will vary based on strategic objectives. Should consider the capability of the organisation to execute the strategy. | <ul style="list-style-type: none"> Risks of executing the strategy will vary based on strategic objectives. Should consider the capability of the organisation to execute the strategy. Risks of executing the strategy will vary based on strategic objectives. Should consider the capability of the organisation to execute the strategy. | <ul style="list-style-type: none"> Risks of executing the strategy will vary based on strategic objectives. Should consider the capability of the organisation to execute the strategy. Risks of executing the strategy will vary based on strategic objectives. Should consider the capability of the organisation to execute the strategy. Risks of executing the strategy will vary based on strategic objectives. Should consider the capability of the organisation to execute the strategy. Risks of executing the strategy will vary based on strategic objectives. Should consider the capability of the organisation to execute the strategy. |
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What are the leading risks to achieving the strategic objectives?

Key ● Extreme Risk ● High Risk ● Medium Risk ■ Opportunity (not risk rated)

Exception reporting – risk appetite



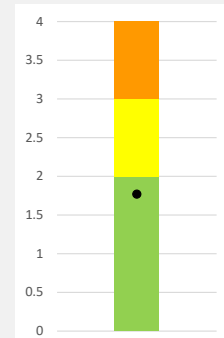
Ethical Behaviour



Reporting for Exco being developed to enable greater focus on compliance. Completion rates impacted by courses being shut down for a period for redevelopment.



Safety



The WHS Risk assessment and inspection program is on track.

No high or medium WHS risks on risk register, and LTIFR is less than 1.5.

WHS Risk & Inspection Program



Business Intelligence, Accountability, Action



Business Intelligence

Health and
Safety

Compliance

IT Security
Risk

Operational
Risk



Intelligent Risk Driving Aligned Culture

Transparency

Accountability

Collaboration

Summary

In order to not only survive, but thrive in today's increasingly complex, uncertain and dynamic business world, businesses must be prepared to take risks. It's up to the organization to ensure those risks are strategic, measured and managed responsibly.

Intelligent Risk

For more information about how SAI Global can assist you

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Phone: +61 7 32224798

Please download our Enterprise Risk Management whitepaper:
Risk's Rewards. Getting ERM right.

<http://www.saiglobal.com>

