



QPR Risk Management & Compliance Solution Overview

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Agenda

- Risk Management Basics
- Risk Concepts and Definitions
- Risk Management and Compliance Drivers
- Common Challenges
- Turning Risks into Opportunities: The RMC Platform
- QPR Risk Management and Compliance Solution:
Step by Step
- Short Product Demo
- QPR RMC Platform Key Strengths
- Questions and Answers

Risk Management Basics

Risk Management → Confidence and Control

- Understanding risks and their impact on the organization
- Deciding how to respond to risk

Goal: Manage risks to an acceptable level

Generally 4 risk response options

- Avoidance: A business decision to eliminate the risk
- Mitigation: A business decision to manage the risk
- Acceptance: A business decision to ignore the risk
- Transfer: A business decision to “outsource” the risk to a third party

Enterprise Risk Management (ERM)

- ||| A structured approach to:
 - Quantify risk in a consistent manner across the organization
 - Establish risk appetite and risk tolerance across the organization
 - Identify and prioritize risk-mitigating controls
 - Establish a system of record in response to risk and compliance

- ||| ERM Combines Governance, Risk and Compliance

- ||| *“A **process**, effected by an entity’s **board of directors, management and other personnel**, applied in **strategy setting** and **across the enterprise**, designed to identify potential events that may affect the entity, and manage risks to be within its **risk appetite**, to provide **reasonable assurance** regarding the **achievement of entity objectives**” - COSO ERM www.coso.org*

Risk Concepts and Definitions

Risk

The combination of the likelihood and impact of an event, which has an influence on achieving organization's objectives

Assessment

Determining the likelihood and potential severity of identified risks.
Determining the validity of established controls

Risk Management

Integrated framework for managing organization-wide risks in order to maximize organization's value

Regulation

Binding or non-binding restrictions enforced by governments or other regulatory bodies

Audit

An **independent, objective assurance** and consulting activity designed to help organizations accomplish objectives by bringing a systematic, disciplined approach **to evaluate and improve the effectiveness of risk management, control, and governance processes.**

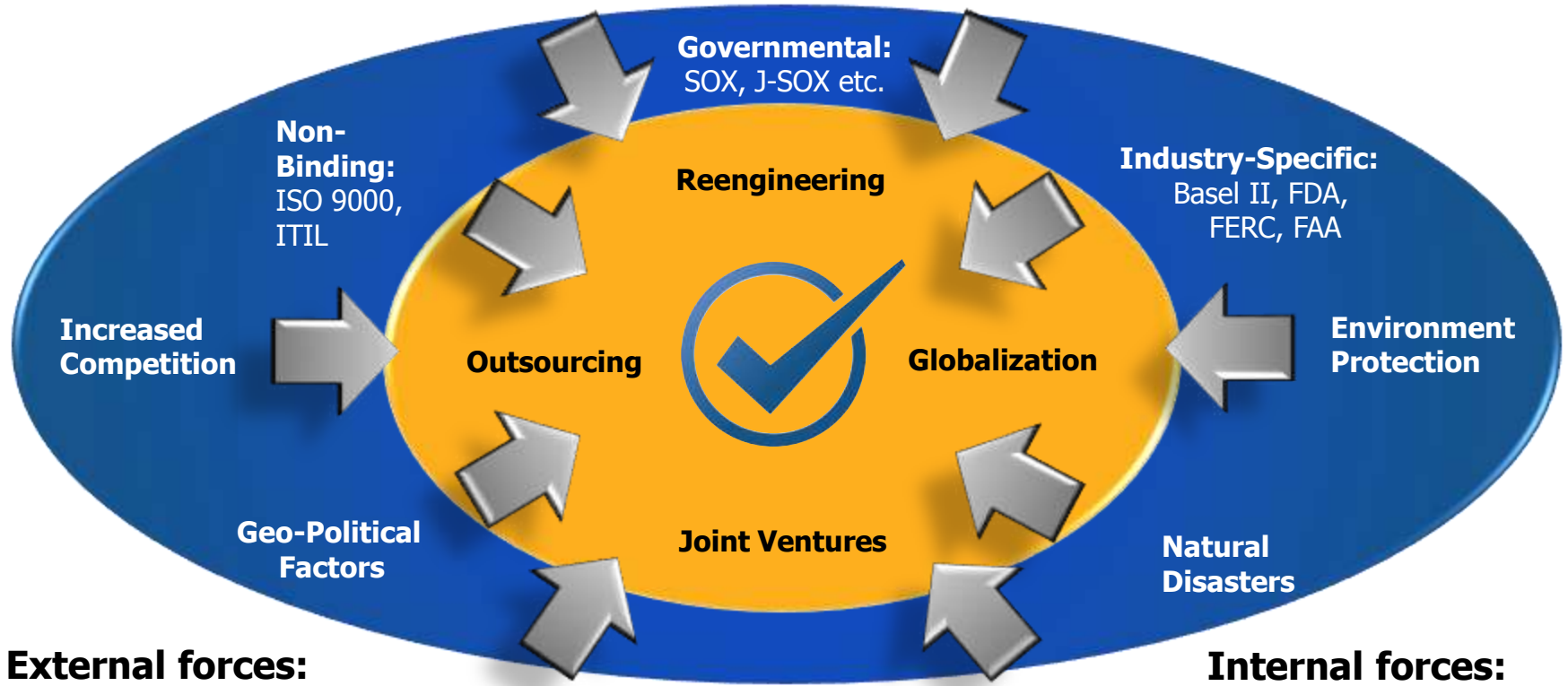
Compliance

Systems to ensure that organizations are aware and comply with relevant laws and regulations

Controls

Specific set of policies, procedures and activities designed to monitor and mitigate risks

Why Risk & Compliance Management?



External forces:

Opportunities and threats

- Political environments
- Economic environments
- Regulatory environments

Internal forces:

Meeting the challenge

- More dynamic & complex business
- More distributed business

Risk & Compliance Drivers Are Becoming Stronger!

The image displays a collage of overlapping screenshots of the BBC News website. The visible elements include:

- Navigation Menus:** Multiple instances of the 'News Front Page' menu with regional links: Africa, Americas, Asia-Pacific, Europe, Middle East, South Asia, UK, Business, Market Data, Economy, Companies, Health, Science/Nature, Technology, Entertainment, and 'Also in the news' (Video and Audio, Have Your Say, In Pictures, Country Profiles, Special Reports).
- Regional Navigation:** A vertical menu on the right side of one screenshot listing: Africa, Americas, Asia-Pacific, Europe, Middle East, South Asia, UK, Business, Market Data, Economy, Companies, Health, Science/Nature, Technology, Entertainment, and 'Also in the news'.
- Article Preview:** A prominent article titled 'Dubai fund hits back at criticism' with a sub-headline: 'The boss of one of the Middle East's best-known investment funds has warned against any European Union (EU) moves to increase their regulation.' The article text includes: 'State-run investment vehicles, Chinese and Middle East sovereign wealth funds have recently bought stakes in a number of Western banks and other businesses. Sultan Ahmed Bin Sulayem, chairman of Dubai World, said such funds might choose not to invest in Europe. He was responding to EU criticism that the funds are too "opaque". The comments came earlier this week from EU Monetary Affairs Commissioner Joaquin Almunia and EU Internal Market Commissioner Charlie McCreevy.' A quote from Sultan Ahmed Bin Sulayem is highlighted: 'If you put a politician in charge of an investment, believe me, that investment fund will not last for a very long time'.
- Other Elements:** 'WATCH One-Minute World News', 'Last Updated: Friday, 29 February 2008, 12:56 GMT', 'E-mail this to a friend', 'Printable version', 'RELATED BBC SITES', and 'EDITORS' BLOG'.

What are The Common Challenges?

- ||| Risk and compliance are managed reactively
 - ||| Risk and compliance are managed in functional silos
 - ||| Lack of a systematic approach for the whole organization
 - ||| Multiple regulations are overlapping, causing duplicate work
 - ||| Regulations and business operations change constantly
 - ||| Risks are viewed as threats, not as opportunities
- **Reacting in an isolated way to each and every risk and regulation is inefficient and is becoming a huge cost driver**
- **Management cannot obtain a clear view of risks, compliance and the status of internal control: hampers decision making , unable to solve the problem.**

How to Turn Risks into Opportunities?

Awareness

- Common understanding
 - Periodically identify
- Ensure risks are assessed across the organization
 - Risk communication

Preparedness

- Active follow up
- Insight in response strategies
- Complete, up-to-date overview

Proof

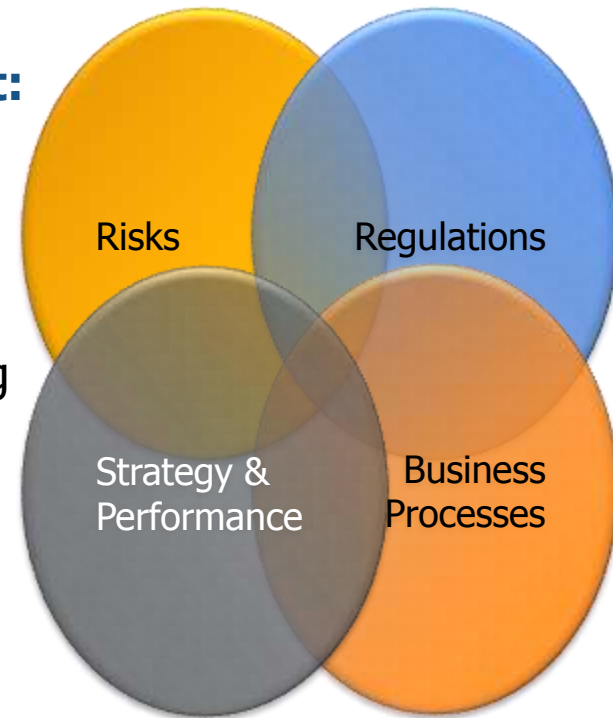
- Demonstrate it to auditors, managers, investors, insurers etc.

- **Improve decision making on all organizational levels**
- **Anticipate events in order to gain from them or prevent losses**
- **Improve stakeholder confidence (investors, insurers)**
- **Comply with all regulations (avoid legal action)**

QPR RMC Platform Business Benefits

Integrating risk management with strategy, performance and business process management:

- Makes risk identification and communication easier
Provides a commonly understood view of strategy, objectives, tasks, processes → context for risk identification
- Improves strategic and operational decision making
Promotes risk-awareness
- Provides a strong driver for continuous process improvement
Driven by risks, regulations, strategic direction and performance measurement
- Reduces the cost of compliance and audits
Offers a single point of access to all risk & compliance related information

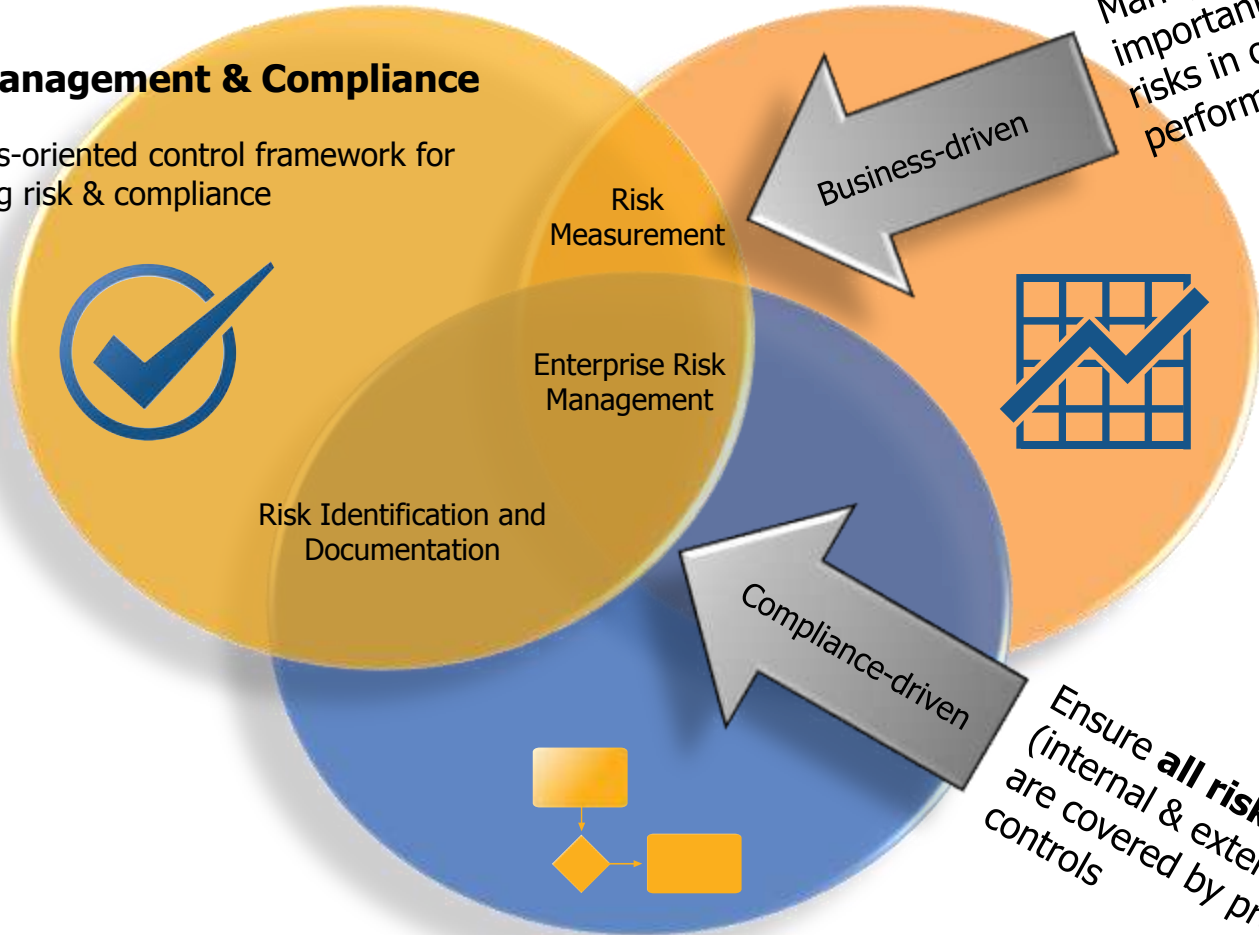


Provides an organization-wide solution to manage and comply with a multitude of RMC imperatives in a unified and efficient way

Applying CPM and BPM for RMC

Risk Management & Compliance

A process-oriented control framework for managing risk & compliance



Manage just the most important objective-related risks in order to improve performance

Ensure **all risks** (internal & external) are covered by proper controls

QPR Risk & Compliance Management Cycle

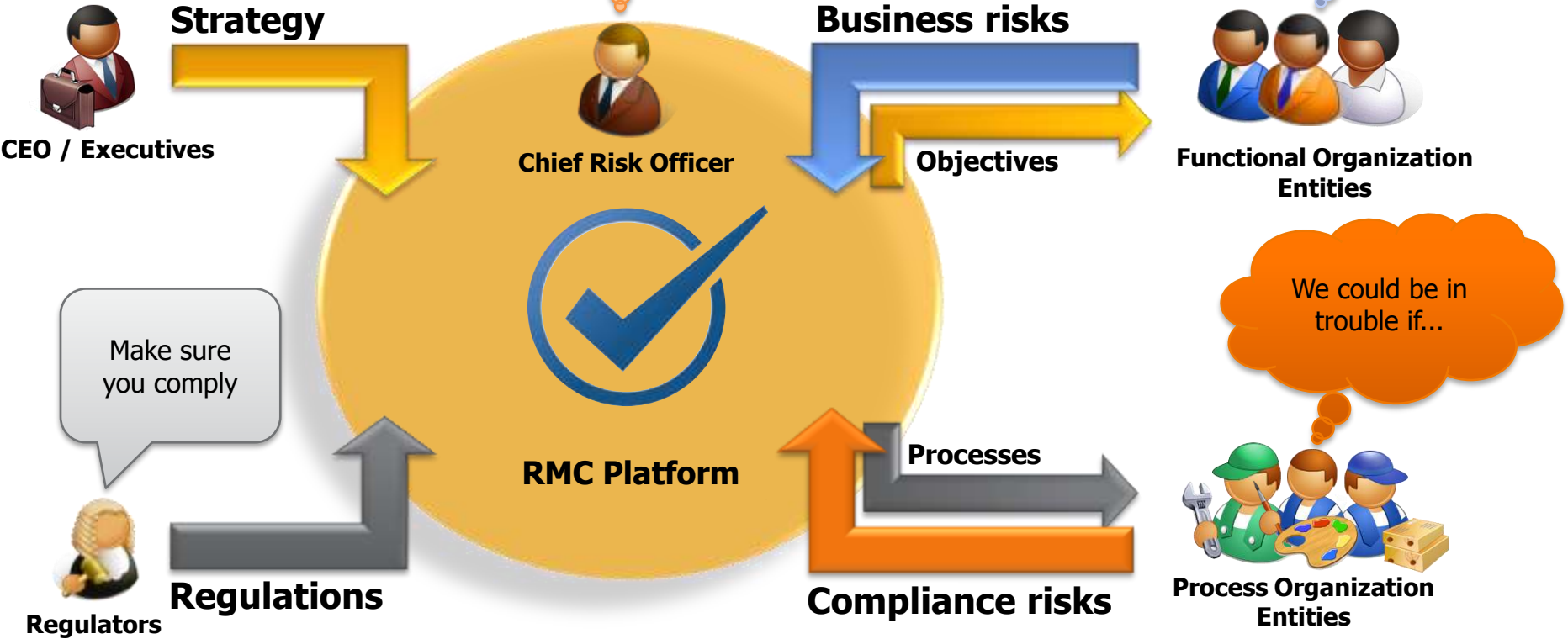


Capturing all the Risks that are Relevant

Make sure we are in control

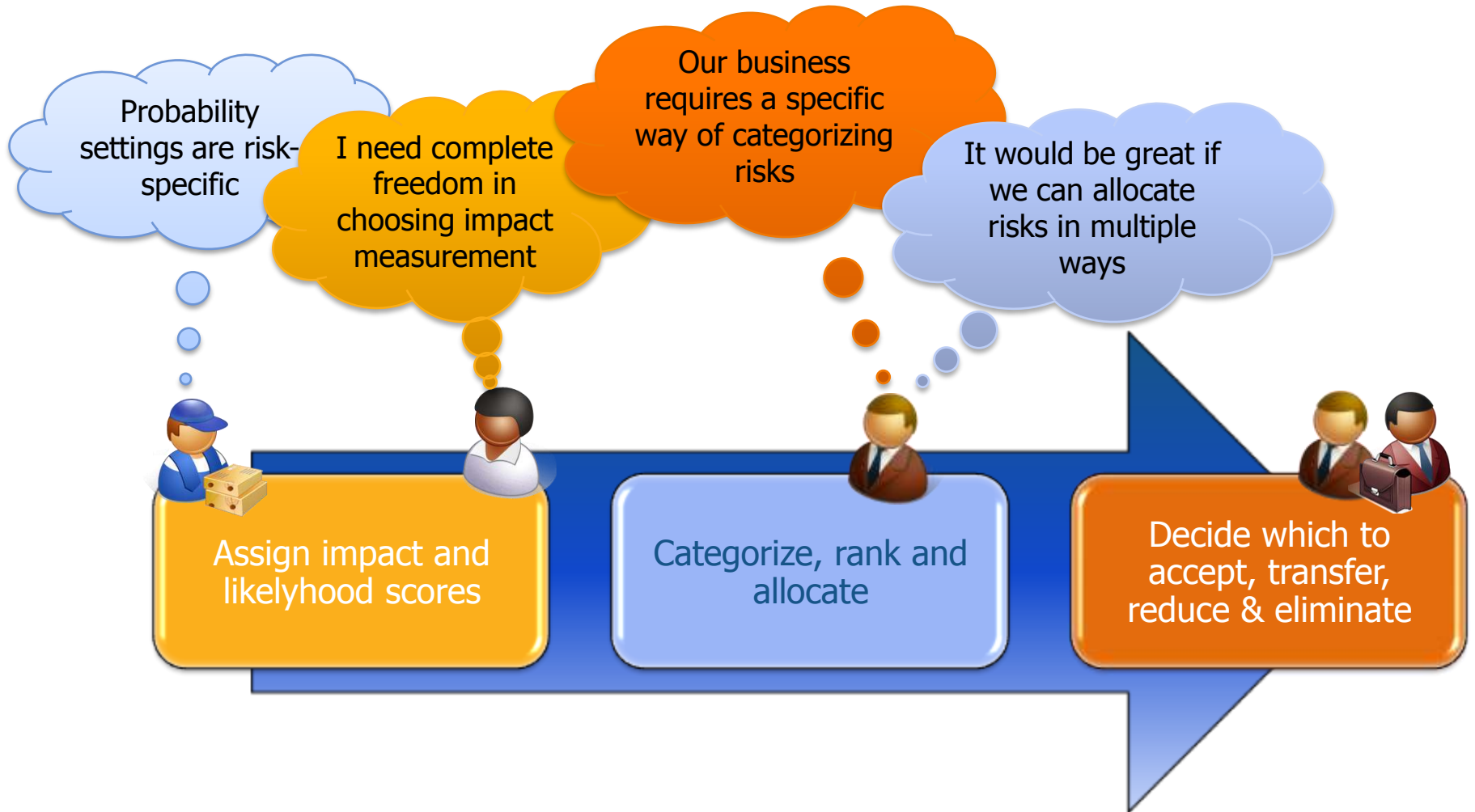
What are all the risks we need to address?

We know the business, but what risks are relevant?



Get everyone involved and facilitate effective identification of relevant risks

Assess & Evaluate Risks Your Way!



Capture and document risks in a way that best suits your organization in order to increase awareness and facilitate an effective, cost-efficient auditing process

Get a Clear View of How all New Identified Risks are being Addressed

You have one year

We need to take action

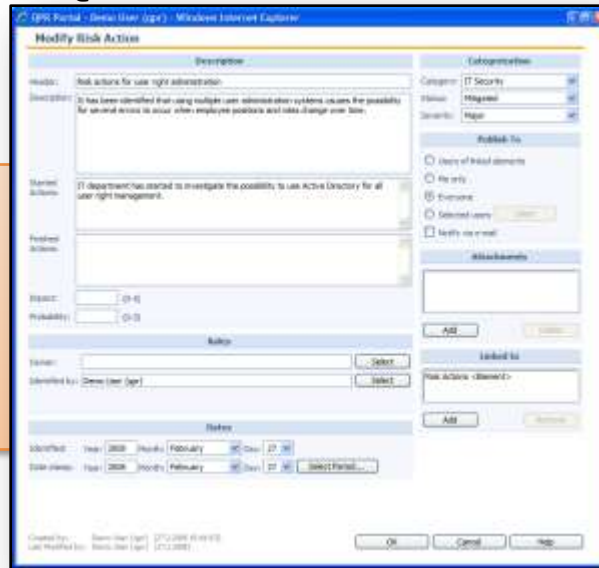
QPR Portal Control Activities



Auditor



Chief Risk Officer






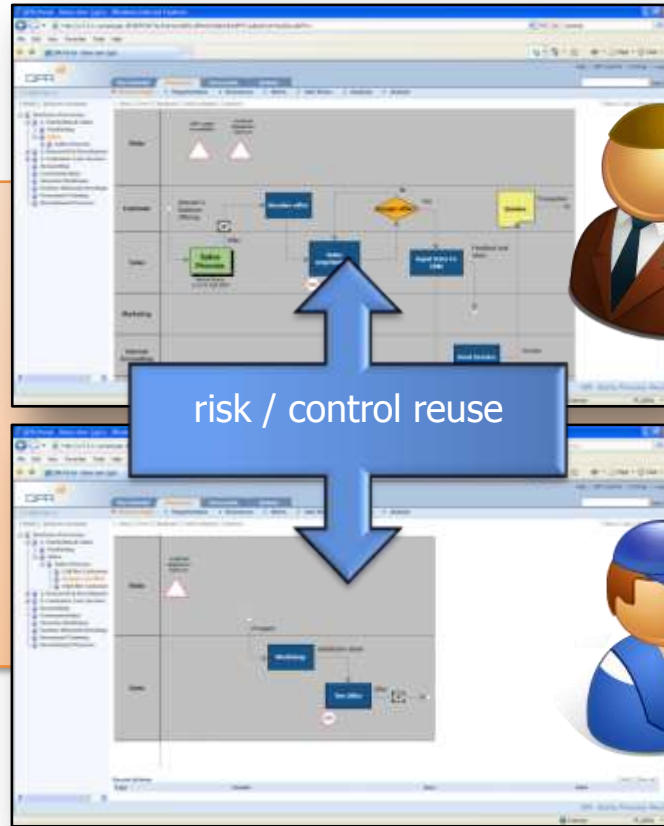
Monitor progress: Make sure you are on track with control implementation

Actions logging: Have a central point of access to all control actions

Communicate Risks and Controls Effectively



-  Add risks and controls to the process maps
-  Adapt processes where needed
-  Communicate to the relevant people to ensure awareness



One tool that addresses all the risks and controls I am accountable for



Review previously added risks and identify new ones



Provide everyone with a clear understanding of what falls under their responsibility and what policies & procedures to follow to ensure compliance

Get a Complete and Up-To-Date Overview of the Status of Risks and Controls



Obtain the ability to react fast and appropriately to events and the confidence that things are under control

Maintain a Reliable Foundation for Decision Making and Internal Control









Optimize the organization's capability to generate value for its' stakeholders

QPR RMC Solution Demo



Demo model available from www.qpr.com/qpr-rmc-solution.html
"Try Out QPR Risk Management Online"

QPR Benefits

-  Reduction of the costs associated with RMC activities
-  Always a clear, complete and up-to-date overview of your business processes, risks and controls
-  Get everyone involved: Integrate RMC into the business
-  Facilitate effective reporting to management and auditors
-  Easy to use: Focus on the business user
-  Fast to implement

→ **Lift RMC from being a set of tactical, ad-hoc initiatives to becoming a strategic advantage**

QPR RMC Software Benefits All Employees

- ||| **Business executives** can monitor the state or risk and compliance to drive strategic direction
- ||| **Risk and compliance officers** can be successful in the day-to-day management of risk and compliance by ensuring it's integrated within processes
- ||| **Internal and external auditors** obtain up-to-date reports and can review follow-up activities for identified non-conformancies
- ||| **Business unit and process managers** can answer to risk and control assessments and monitor the state of risk and compliance in their own area
- ||| **Employees, contractors, consultants & temporary workers** have a convenient way of becoming aware of policies and compliance issues
- ||| **Business partners** can participate in conducting contract and control assessments



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Questions and Answers