



QPR Risk Management and Compliance

Turning Necessity into Competitive Advantage

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**Shalk Lubbe, Managing Director CRA,
African Rainbow Minerals, South Africa**



Bring Risk and Compliance Management to an Organization-Wide Level

A good reputation, the ability to respond quickly and decisively to opportunities and threats, a proven track record of regulatory compliance and internal control; it all complements your organizations' ability to execute strategy, attract new customers, business partners and investors, and very importantly: avoid legal action. The QPR Risk Management and Compliance Solution provides a rapidly deployable platform, aimed at helping your organization identify, control and mediate risks that threaten the operations of your organization or have the potential to render it non-compliant with internal, industry-specific or legal regulations.

By placing your operational business processes at the core of your mediation and compliance efforts, the QPR Risk Management and Compliance Solution provides the context needed for effective risk identification, mediation and monitoring. This allows your organization to obtain a unified and up-to-date view of your risk and regulatory landscape, affected processes and the status of risk-mitigating controls.

The QPR Risk Management and Compliance Solution covers all phases of the risk and compliance management process by providing an effective and unified means for identifying and assessing risks on an enterprise-wide scale, consolidating risk assessments, implementing controls as well as continuous monitoring and reporting.



The QPR Risk Management and Compliance Lifecycle

Identify all the Risks that are Relevant

Capturing risks on an enterprise-wide level requires involving key people on all your organizational levels. A sound understanding of operational processes, strategy and derived objectives provides them with the context needed for identifying risks relevant to their role or function. The QPR Risk Management and Compliance Solution approach applies QPR's proven process and performance management solutions for managing Risk and Compliance effectively. It provides business units with the necessary ingredients for effective risk identification: insight in the objectives that apply to their role, a clear view of the operational processes that are in place and clearly defined interfaces with other functional departments.

Obtaining a clear overview of all the risks that affect your organization mandates a unified and systematic process for identifying, describing, gathering and categorizing those risks. QPR Risk Management and Compliance decentralizes the risk identification activities, allowing every department and function to participate in the process, and provides all

teams with a common means for reporting, categorizing and reviewing identified risks into a centralized repository. As the way of categorizing and allocating risks has a profound impact on ensuring risk awareness, accountability and follow up, QPR allows you to customize the risk management framework to your own requirements, while also supporting known risk management frameworks like COSO, AS/NZ 4360, the Risk Management Standard by the IRM as well as more generic frameworks like EFQM and the Balanced Scorecard.

QPR recognizes that risk identification is an ongoing activity that includes many participants, all with a different view of the processes and objectives affected by risk. To best support their needs, the QPR Risk Management and Compliance Solution provides the ability to look at the stored risk, process, performance and strategy information from every perspective, such as for example risks by business unit, by process, by category and by strategic objective. Since all employees can be provided role-based access to the information, they are all able to continuously contribute in the risk identification process.

Hierarchy	Impact (1-6)	Likelihood (1-6)	Risk	Trend	Action
Headquarters					
1. Strategic risks					
Inability to react to market messages in growing markets	2007 3.00 pts.	6.00 pts.	18.00 pts.		
Inability to react to market messages in growing markets (Consumer Products)	2007				
Inability to react to market messages in growing markets (B2B Products)	2007 4.00 pts.	4.00 pts.	16.00 pts.		
Inability to react to market messages in growing markets (Finland)	2008 6.00 pts.	5.00 pts.	30.00 pts.		
Inability to react to market messages in growing markets (Norway)	2007 5.00 pts.	6.00 pts.	30.00 pts.		
Inability to react to market messages in growing markets (Switzerland)	2007 3.00 pts.	4.00 pts.	12.00 pts.		
2. Financial risks					
New strong competitor enters the main markets	2007 5.00 pts.	6.00 pts.	30.00 pts.		
Significant and sudden adverse exchange rate fluctuation	2007 3.00 pts.	5.00 pts.	15.00 pts.		
Significant and sudden adverse exchange rate fluctuation (Consumer Products)	2007				
Significant and sudden adverse exchange rate fluctuation (B2B Products)	2007 4.00 pts.	5.00 pts.	20.00 pts.		
Significant and sudden adverse exchange rate fluctuation (Finland)	2008 5.00 pts.	6.00 pts.	30.00 pts.		

A uniform and systematic approach for identifying, reporting, categorizing and reviewing risks



Effective Risk Assessment and Evaluation

QPR gives you complete freedom as to how you wish to assess risks, evaluate, categorize, allocate and follow up on them. Whereas with some risks you may want to measure their likelihood and impact on a qualitative “low-mid-high” scale from a single assessment, with others you may prefer a more accurate approach where assessments on the same risk are gathered from multiple participants in order to come to a more objective risk score. In overcoming the challenges often attributed to risk assessment, QPR Risk Management and Compliance provides a systematic and unified approach to assessing risks and storing assessments in a central repository. A facet of this approach is that it allows you to review assessments of individual risks by drilling down from corporate to individual business unit level and ascertain whether and how it has been assessed on all the levels of your organization.

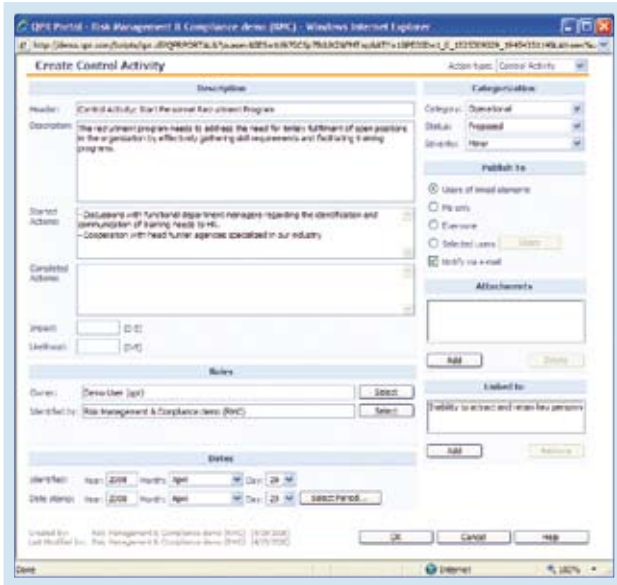
Effective risk evaluation is facilitated by allowing you to compare assessed risks based on impact, likelihood, risk scores, mitigation cost or any other comparison method you prefer. Furthermore, risks can be ranked in any way as you see most suitable. Examples include: most significant risks by risk-category, by business unit, by process and by strategic objective. Apart from providing the contextual information, which you will need during the risk evaluation process it also facilitates decentralized risk evaluations, allowing process owners, business unit managers and staff functions to take charge in risk management decision making for their respective responsibility areas.

Headquarters		Period: 2008 Series: Default series			
Element	Scenario	In change	Impact (2.43)	Likelihood (1.43)	
Ability to react to market messages in growing markets	UK		2008	2008	
New strong competitor enters the main markets	UK		2008	2008	
Significant and sudden adverse exchange rate fluctuations	UK		2008	2008	
Ability to react to market messages in growing markets	Switzerland		2008	2008	
Ability to react to market messages in growing markets	Germany		2008	2008	
Ability to react to market messages in growing markets	Norway		2008	2008	
Ability to react to market messages in growing markets	Australia		2008	2008	
New strong competitor enters the main markets	Norway		2008	2008	
New strong competitor enters the main markets	Switzerland		2008	2008	

Assessing identified risks by likelihood and impact

Headquarters		Period: 2007 Series: Default series				
Element	Scenario	In change	Impact	Likelihood	Risk Score	Add Costed
Ability to attract and retain top personnel	R22 Products		2007 \$	6.00 pr	6.00 pr	[Add]
Ability to react to market messages in growing markets	Norway		2007 \$	6.00 pr	6.00 pr	[Add]
Significant and sudden adverse exchange rate fluctuations	Switzerland		2007 \$	6.00 pr	6.00 pr	[Add]
Disruption of significant production sites by fire, explosion	Headquarters		2007 \$	6.00 pr	6.00 pr	[Add]
New strong competitor enters the main markets	Headquarters		2007 \$	6.00 pr	6.00 pr	[Add]
Significant and sudden adverse exchange rate fluctuations	Poland		2007 \$	6.00 pr	6.00 pr	[Add]

Evaluating risks by category, business unit, process, strategic objective and risk score



Launching control activities to mediate identified risks

Timely Risk and Non-Conformance Mitigation

Following the decisions of the risk evaluation phase as to what risks to accept, transfer, reduce or eliminate, QPR provides an effective means to ensure action is undertaken by allowing risk owners on all levels of the organization to launch risk-related control activities. These control activities assign accountability, facilitate collaboration, schedule implementation milestones and deadlines and provide clear information on available resources for all the control implementation projects.

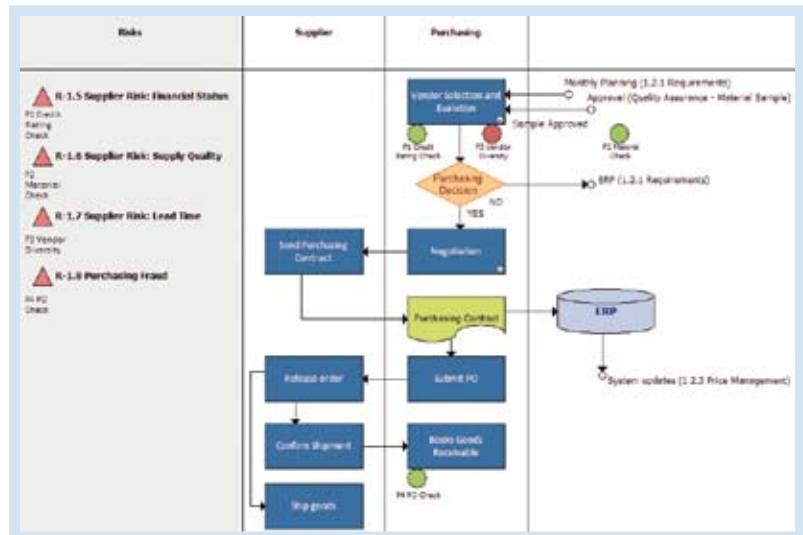
Audits, conducted by internal or external auditors will often drive a multitude of implementation projects that need to address new risks or mend problems with existing controls. Missing an audit-deadline may result in fines, increased scrutiny and loss of business due to a freezing of operations. QPR provides risk owners as well as internal auditors and Chief Risk Officers with a clear view of how all risks are being addressed and how well your control implementation projects are progressing compared to targets and milestones. This allows you to make sure you are on track with control implementations, to identify problems and to direct efforts in ensuring problems are solved in time. What's more is that all actions are logged, providing auditors, Chief Risk Officers and Management a central point of access to all control activities.

Everyone Follows Policy and is Risk-Aware

Key to effective risk management is dispersing information on the risks that need to be managed and taken into account when making business decisions throughout the organization. People need to be aware of and understand the risks that affect their role, the policies they need to follow and the procedures they need to execute whenever a risk does occur. By taking a process-oriented and role-based approach, QPR makes documenting and communicating risk and compliance information convenient and effective: process maps, enriched with risk information and communicated based on the role of the recipient provide you with an effective means for achieving risk and policy awareness.

Based on a central repository that contains all process, performance and risk information, the QPR Risk Management and Compliance Solution makes it easy to populate multiple process maps with risk, control and policy information and facilitates effective communication to employees. Since the same risks and controls often apply to multiple processes and functions, being able to reuse risks, controls and documents on multiple process maps ensures consistency and greatly reduces the amount of effort needed to maintain the information. A change event, like for example a new risk owner, an updated policy or an improved control test is immediately propagated throughout all process maps and views.

Because risk assessments and control checks are performed periodically, it is also important to communicate their status as part of the process maps. Unlike any other solution, QPR Risk Management and Compliance provides a direct link between risks and controls on process maps and their assessment status. A red control signifies a problem while a green risk symbol communicates the current status of your efforts to manage this risk. This provides your employees with an up-to-date picture of the current situation, allowing them to make well-informed, calculated decisions and take action where it is needed.



Process maps complemented with risks, controls and their status



Risk and Compliance Managed Pro-Actively

The QPR Risk Management and Compliance solution provides managers and the board with an effective means of getting an up-to-date overview on the status of risks and controls with role-based risk management dashboards. Examples include dashboards that focus on SOX compliance, production risks, environmental risks, risks related to a particular business unit. Management teams thus obtain their high-level views into the risk and compliance status, while functional managers know exactly what they are accountable for and get alerted whenever there is a problem. On top of that, the monitoring functionality provides all the features required for doing analysis, drilling down to lower levels of the risk measurement framework as well as filtering of risk metrics. Your organization as a whole obtains the ability to react fast to problems or opportunities as well as the confidence that everything is under control.



Role-based risk management dashboards

A Reliable Foundation for Decision Making and Internal Control

Risks and compliance issues affect all your competitors but with QPR Risk Management and Compliance your organization is better equipped to deal with them. It integrates risk and compliance with the way you run your organization, makes sure that all risk assessments and control checks are performed periodically, appropriately and in time and will enable your organization to feel confident about risk management and internal control. In addition, it allows you to prove the quality of risk management and internal control to auditors and stakeholders in the most cost-efficient way. In addition, QPR Risk Management and Compliance supports the strategy-driven risk management to ensure that risks, related to achieving strategic objectives are identified and managed systematically. By providing you with a reliable foundation for decision making and internal control, with QPR you turn risk and compliance into your competitive advantage and optimize your capability to generate value for your stakeholders.

QPR Software Plc

Since 1991, QPR Software Plc has specialized in providing solutions that help people and organizations take control of their business processes and achieve their goals. With over 15 years of experience in Process, Risk and Performance Management, QPR is the worldwide solution of choice for leading private and public sector organizations. QPR has over 1,500 customers worldwide from all industries, public and private sector. QPR has its headquarters in Helsinki, Finland and cooperates with an extensive network of talented partners in over 50 countries worldwide.

Selected Customer References

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**Shalk Lubbe, Managing Director CRA,
African Rainbow Minerals, South Africa**

"Our company needed to use an effective system to unify the management of internal control, taking restricted manpower and complicated operations into consideration"

**Yoshiharu Sawai, Internal Control Department,
H.I.S., Japan**

"On top of the traditional Balanced Scorecard dimensions, QPR ScoreCard allows us to have quality, environment and security-related indicators. These indicators help us to control measures related to the Sustainable Development (GRI – Global Reporting Initiative)."

**Gabriela Madeira, Quality, Environment and
Security Director, Sopol – Sociedade Geral de
Construções e Obras Públicas, S.A., Portugal**

"With the aid of QPR ProcessGuide we can easily access any required documents. QPR ProcessGuide makes process development and customer feedback exploitation extremely easy. Our most recent application was to use QPR ProcessGuide to describe developer contracts and risk management."

**Riku Kolhonen, Quality Manager,
Skanska Residential Construction, Finland**



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