

Risk Communication at the Board Level

Kuwait 5th ERM Conference

Melissa Aoun
January 2019



*This proposal is strictly private and confidential and is intended for the named recipient only.
The proposal does not act as an intention to service the named recipient or company, this will
be subject to a rigorous conflict and independence process.*

Overview

Melissa Aoun, ARM, MSc

Head of Business Risk Services



Industry experience:

- Aviation
- Hospitality
- Family Office
- Real Estate
- Non Profit
- Manufacturing
- Oil and Gas

Professional experience:

- Consulting
 - Grant Thornton
 - MENA Strategies
- Industry
 - Chubb
 - PTS

Education:

- NYU MSc – Financial Risk
- ARM – Risk Assessment, Risk Financing, Risk Transfer
- TU BBA – Enterprise Risk Management, Insurance

Languages spoken:

- English, Arabic, French

Countries worked in:

UAE, Lebanon, USA

Melissa has over 11 years of professional experience spread across the US and the Middle East and joined Grant Thornton after 5 years in risk management and strategy consulting for MENA Strategies. Prior to this, Melissa worked for Chubb where she handled the state of Florida's multinational accounts. Melissa's most recent work focused on the integration of risk in corporate strategy, risk driven internal audits, as well as data and analytics-based risk assessments as she led a team of consultants dedicated to the aviation, education, real estate, insurance, manufacturing, and hospitality industries among others.

As great risk lies in doing business in the region, particularly for new comers, Melissa guided clients in taking calculated business risks that catalyse their strategic growth. Her experience in Risk Management is built around the design, training and implementation of risk management frameworks that identify an entity's exposure to various business risks and the design of mitigation methods that control risks which are deemed necessary to its growth.

In addition to introducing risk management to entities novice to the practice, Melissa leveraged the risk culture of companies at more advanced stages in the risk management process to improve risk communication at the leadership level. Through enterprise risk management and in line with a company's risk appetite, Melissa designed business strategies that are conducive to risk optimisation in the fulfilment of client's corporate objectives.

Professional qualification

Master's of Science in Risk Management , New York University

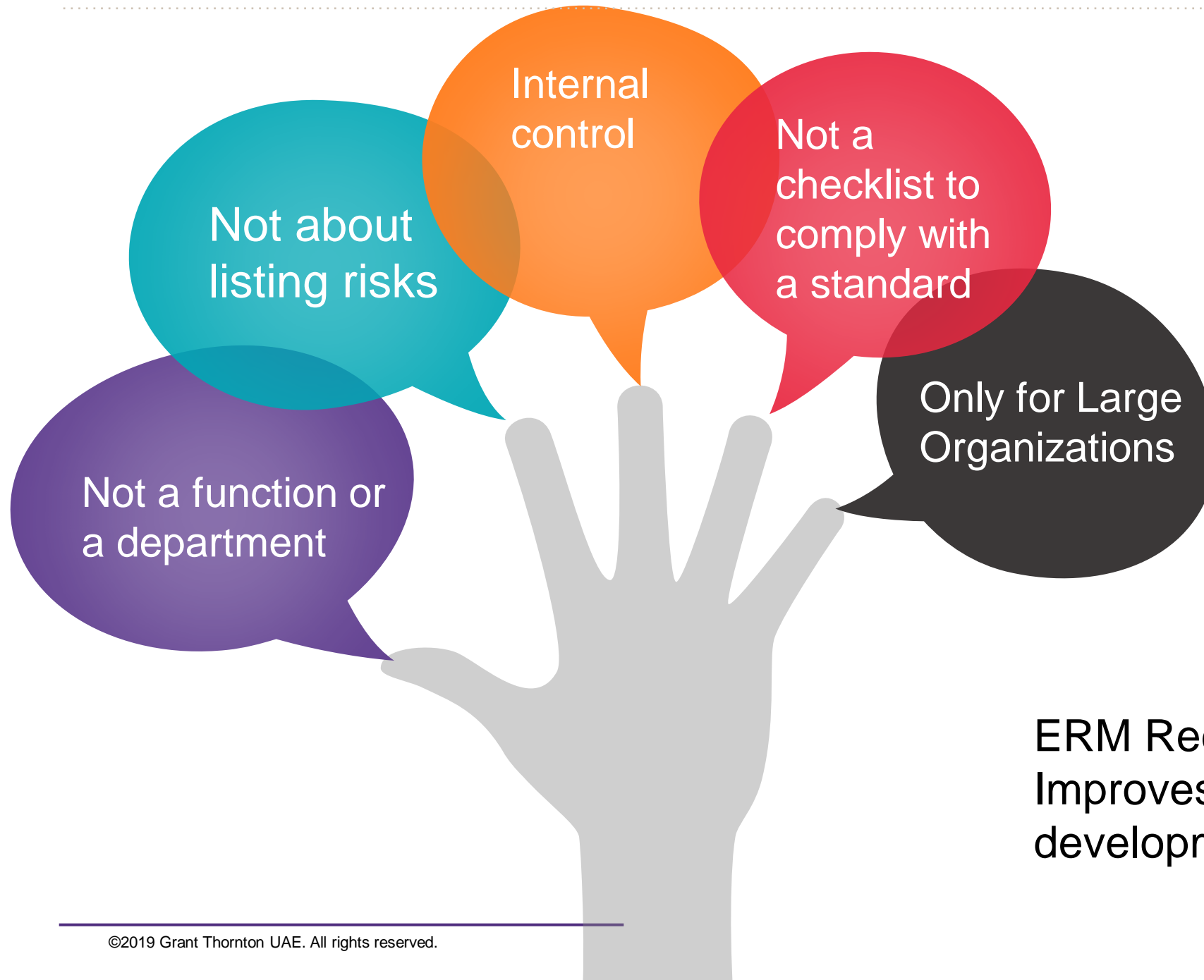
Bachelor's in Risk Management and Insurance & Economics, Temple University's Fox School of Business

Associate in Risk Management designation (ARM), American Institutes

What risk information are you giving your board?



Five Guiding Principles – What ERM is not



What ERM isn't



Not insurance



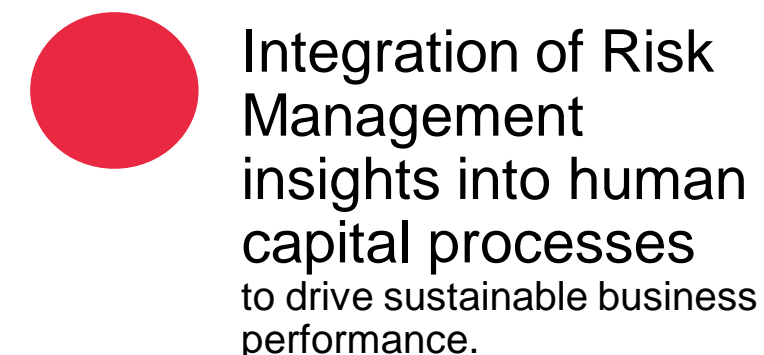
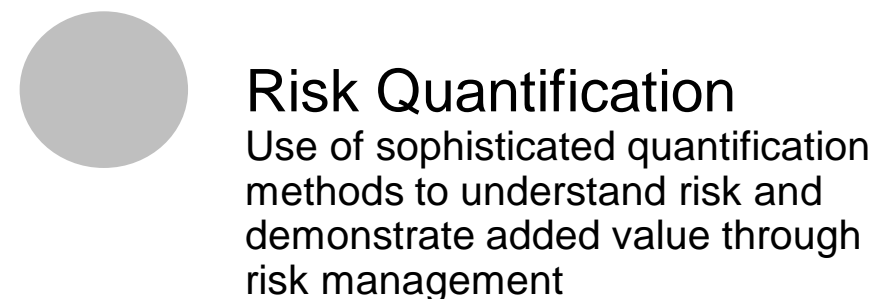
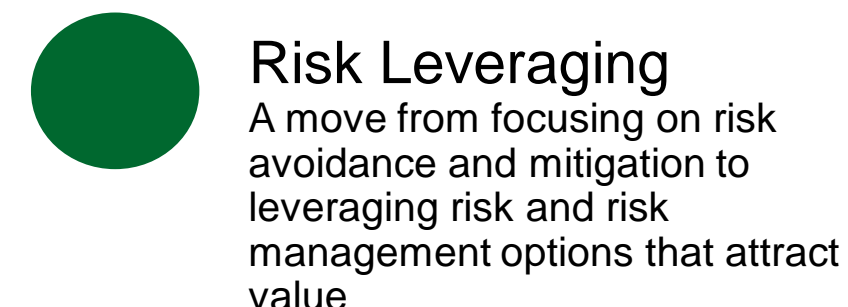
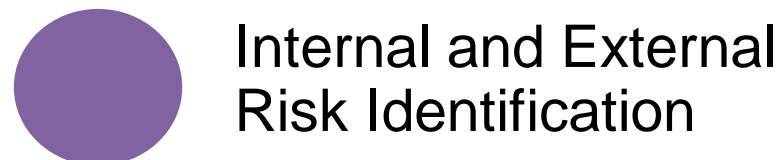
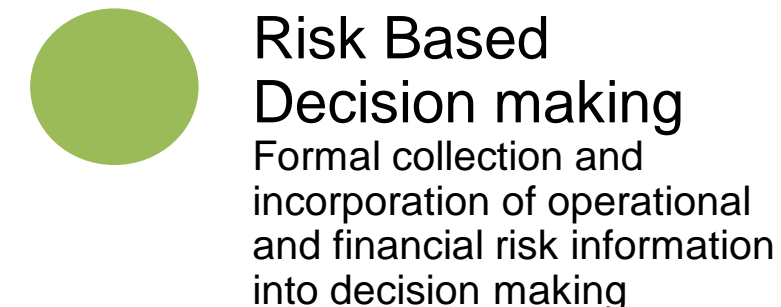
Not that complicated



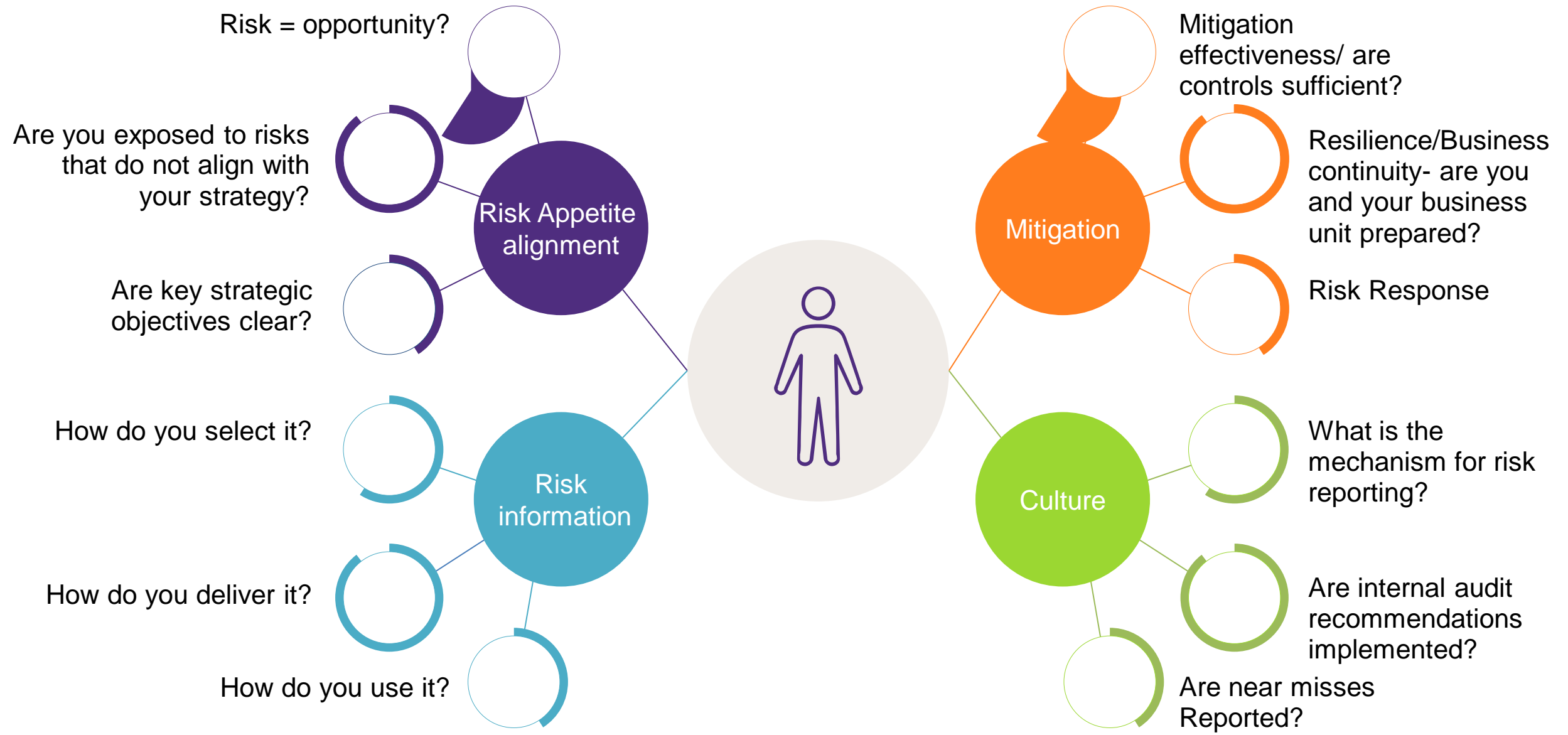
A destination

ERM Reduces performance Variability,
Improves Resilience, supports strategy
development

Factors to consider in risk communication: Maturity



Risk Manager Function's Role



Consider top Risks on your audience's mind

2017 Top 10	2020 Projected Top 10	Change
1. Damage to reputation/brand	Economic slowdown/slow recovery	↑
2. Economic slowdown/slow recovery	Increasing competition	↑
3. Increasing competition	Failure to innovate/meet customer needs	↑
4. Regulatory/legislative changes	Regulatory/legislative changes	↔
5. Cyber crime/hacking/viruses/malicious codes	Cyber crime/hacking/viruses/malicious codes	↔
6. Failure to innovate/meet customer needs	Damage to reputation/brand	↓
7. Failure to attract or retain top talent	Failure to attract or retain top talent	↔
8. Business interruption	Political risk/uncertainties	↑
9. Political risk/uncertainties	Commodity price risk	↑
10. Third party liability (inc. E&O)	Disruptive technologies/innovation	↑



Top Risks on Leadership's mind

Industry	Key Risk 1	Key Risk 2	Key Risk 3
Agribusiness	Commodity price risk	Weather/natural disasters	Regulatory/legislative changes
Aviation	Cyber crime/hacking/viruses/ malicious codes	Business interruption	Major project failure
Banks	Damage to reputation/brand	Regulatory/legislative changes	Cyber crime/hacking/viruses/ malicious codes
Beverages	Damage to reputation/brand	Regulatory/legislative changes	Distribution or supply chain failure
Chemicals	Economic slowdown/slow recovery	Increasing competition	Business interruption
Conglomerate	Third party liability (incl. E&O)	Damage to reputation/brand	Economic slowdown/slow recovery
Construction	Economic slowdown/slow recovery	Increasing competition	Major project failure
Consumer Goods Manufacturing	Damage to reputation/brand	Economic slowdown/slow recovery	Exchange rate fluctuation
Education	Cyber crime/hacking/viruses/ malicious codes	Damage to reputation/brand	Regulatory/legislative changes
Energy (Oil, Gas, Mining, Natural Resources)	Commodity price risk	Regulatory/legislative changes	Political risk/uncertainties
Food Processing and Distribution	Damage to reputation/brand	Commodity price risk	Business interruption

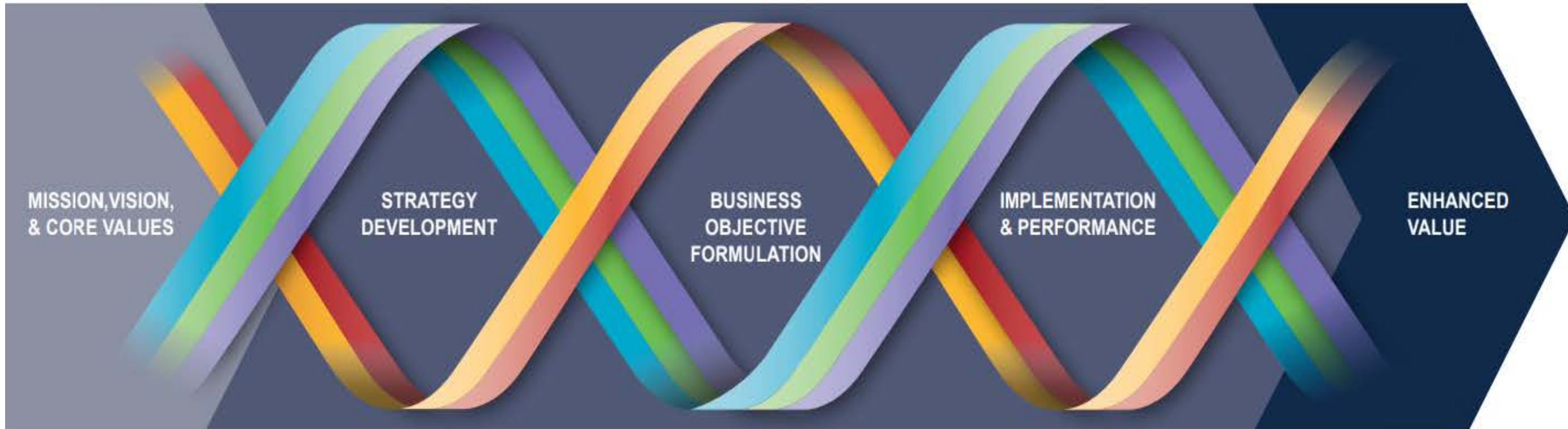


Top Risks on Leadership's mind

Industry	Key Risk 1	Key Risk 2	Key Risk 3
Agribusiness	Commodity price risk	Weather/natural disasters	Increasing competition
Aviation	Workforce shortage	Increasing competition	Cyber crime/hacking/ viruses/malicious codes
Banks	Regulatory/ legislative changes	Cyber crime/hacking/ viruses/malicious codes	Damage to reputation/ brand
Beverages	Damage to reputation/ brand	Economic slowdown/ slow recovery	Commodity price risk
Chemicals	Increasing competition	Economic slowdown/ slow recovery	Commodity price risk
Conglomerate	Economic slowdown/ slow recovery	Increasing competition	Major project failure
Construction	Economic slowdown/ slow recovery	Increasing competition	Workforce shortage
Consumer Goods Manufacturing	Economic slowdown/ slow recovery	Increasing competition	Failure to innovate/ meet customer needs
Education	Cyber crime/hacking/ viruses/ malicious codes	Damage to reputation/ brand	Regulatory/ legislative changes
Energy (Oil, Gas, Mining, Natural Resources)	Commodity price risk	Regulatory/ legislative changes	Economic slowdown/ slow recovery
Food Processing and Distribution	Damage to reputation/ brand	Failure to innovate/ meet customer needs	Commodity price risk

Report should be Driving Value

ENTERPRISE RISK MANAGEMENT



**Governance
& Culture**



**Strategy &
Objective-Setting**



Performance



**Review
& Revision**

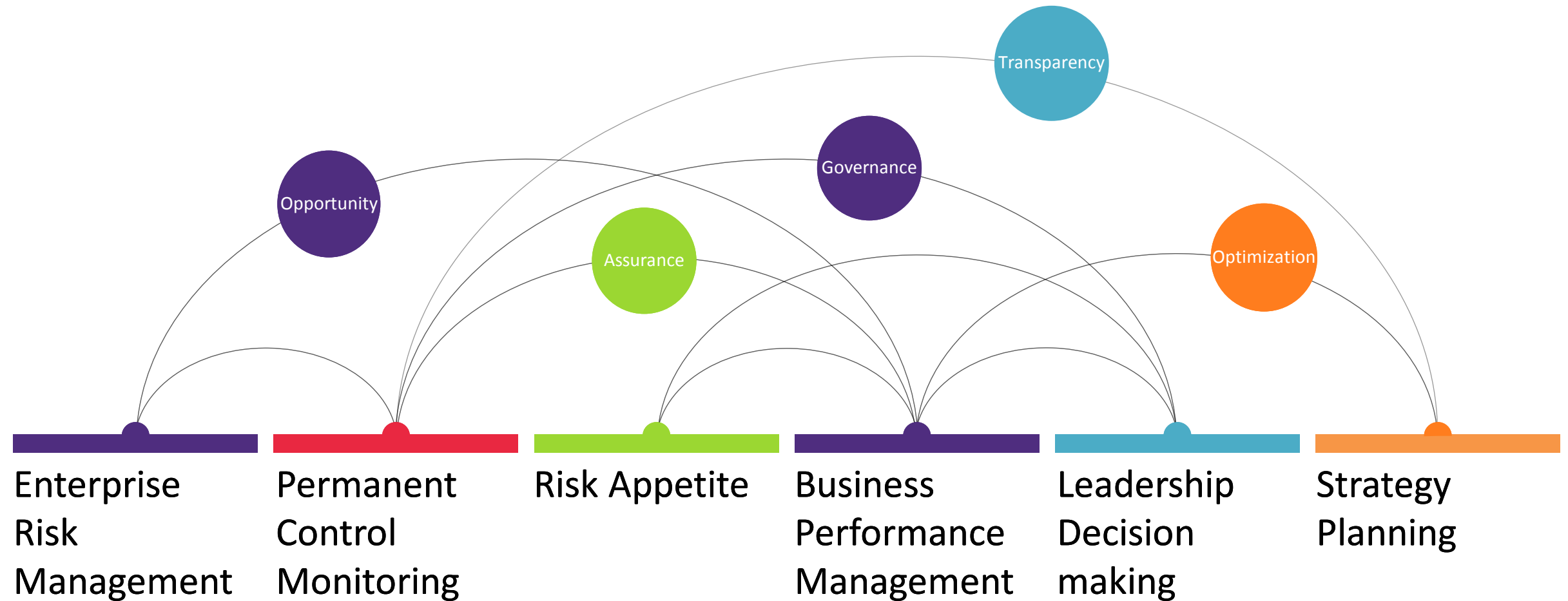


**Information,
Communication,
& Reporting**

How do you measure effectiveness of risk management?

Category	All 2017	All 2015	Asia Pacific	Europe	Latin America	Middle East & Africa	North America
Do not measure effectiveness	37%	29%	28%	43%	38%	43%	25%
Compare historical results from risk events against effectiveness of risk management programs	30%	36%	37%	25%	28%	22%	43%
Lower Total Cost of Risk	27%	32%	21%	23%	13%	8%	46%
Identify/track involvement of risk management within organization	27%	34%	41%	24%	26%	32%	29%
Compare historical results of safety and loss control programs (i.e. decreasing losses, faster return-to-work)	24%	31%	27%	15%	24%	17%	45%
Evaluate the extent to which risk concepts are integrated into business investments and strategic decisions	23%	12%	35%	19%	27%	28%	26%
Identify income generated or other financial/strategic benefits associated with a company captive	7%	9%	7%	4%	10%	13%	11%
Other	4%	5%	3%	3%	4%	4%	5%

Risk-Strategy alignment



Visual Risk Information should be Relevant

THE PROPORTION OF SIGNIFICANT LOSSES IN MARKET VALUE CAUSED BY EACH TYPE OF RISK OVER THE PAST DECADE



THE PROPORTION OF TIME AUDITORS SPENT ON EACH TYPE



SOURCE CEB
FROM "HOW TO LIVE WITH RISKS," JULY-AUGUST 2015

Visual Communication



The above screenshot is used for illustrative purposes only

Visual Communication



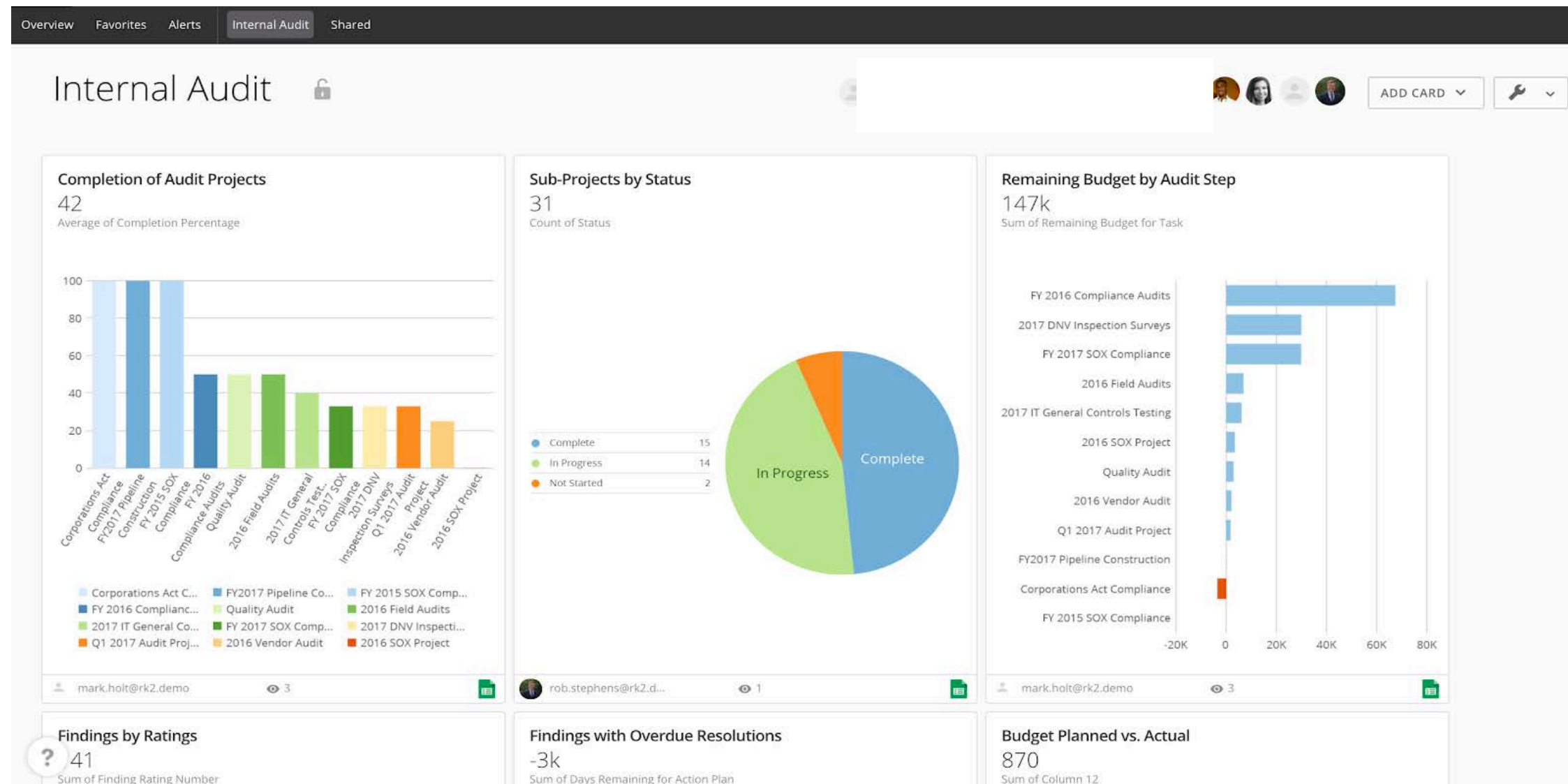
The above screenshot is used for illustrative purposes only

Visual Communication



The above screenshot is used for illustrative purposes only

Visual Communication



The above screenshot is used for illustrative purposes only

Visual Communication

< All Issues

[ISSUE] Hurricane

Details

Collaborate

Social media

Period

1m

3m

1y

All

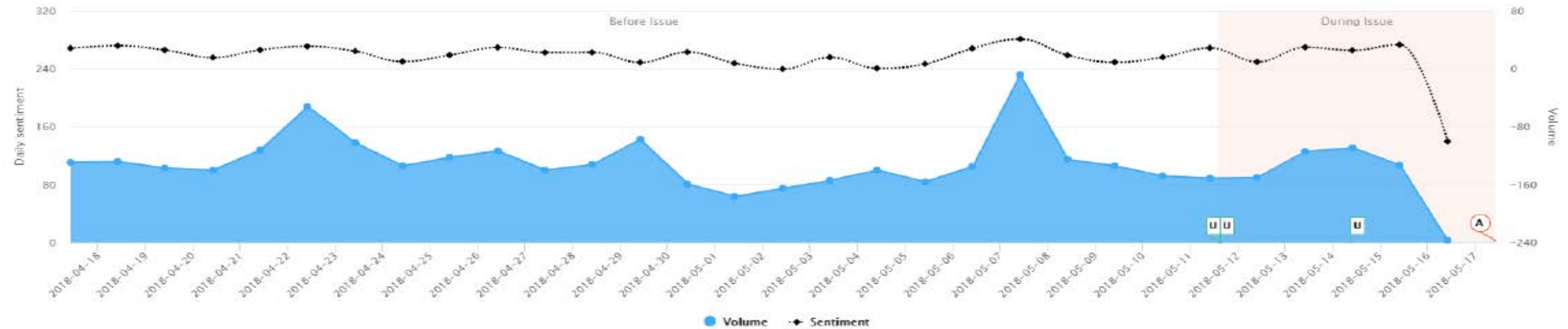
Issue

17-Apr-2018

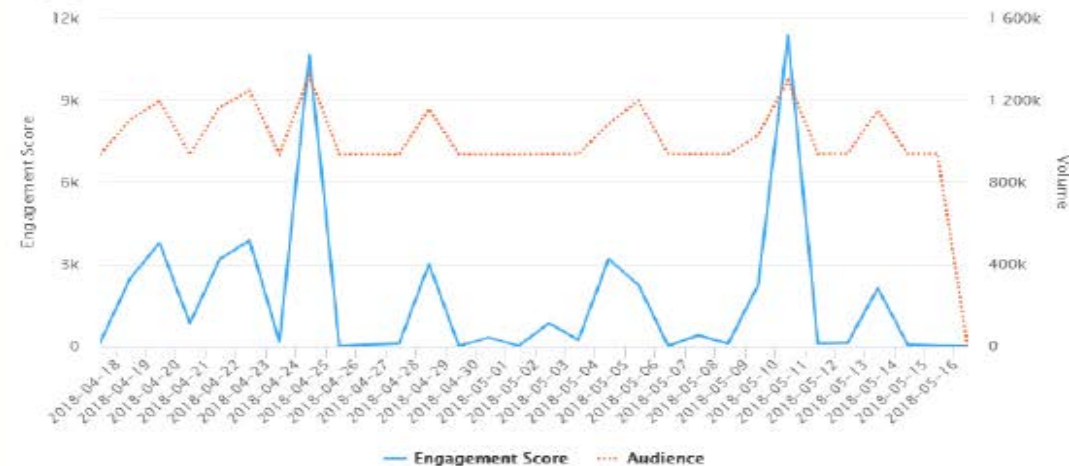
17-May-2018

▼ All accounts combined ▼

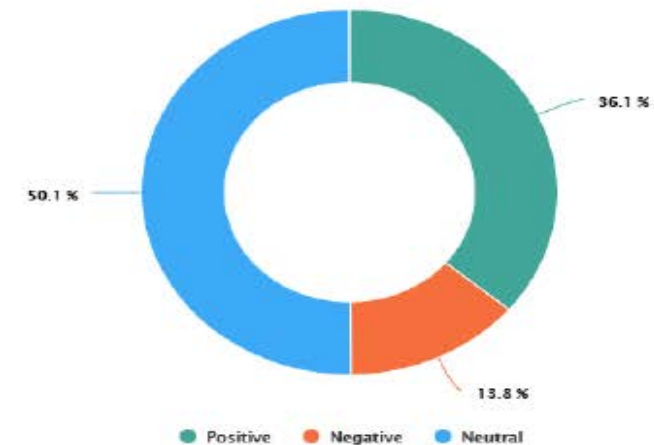
Sentiment and volume ①



Engagement and audience ①



Comment sentiment ①

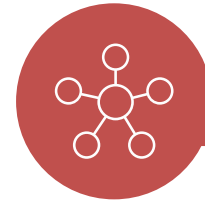


Resilience – Communication during crisis

Analytics and Reporting
Situational Awareness
Social Media

Tasks Mapping
Resource Management **03**

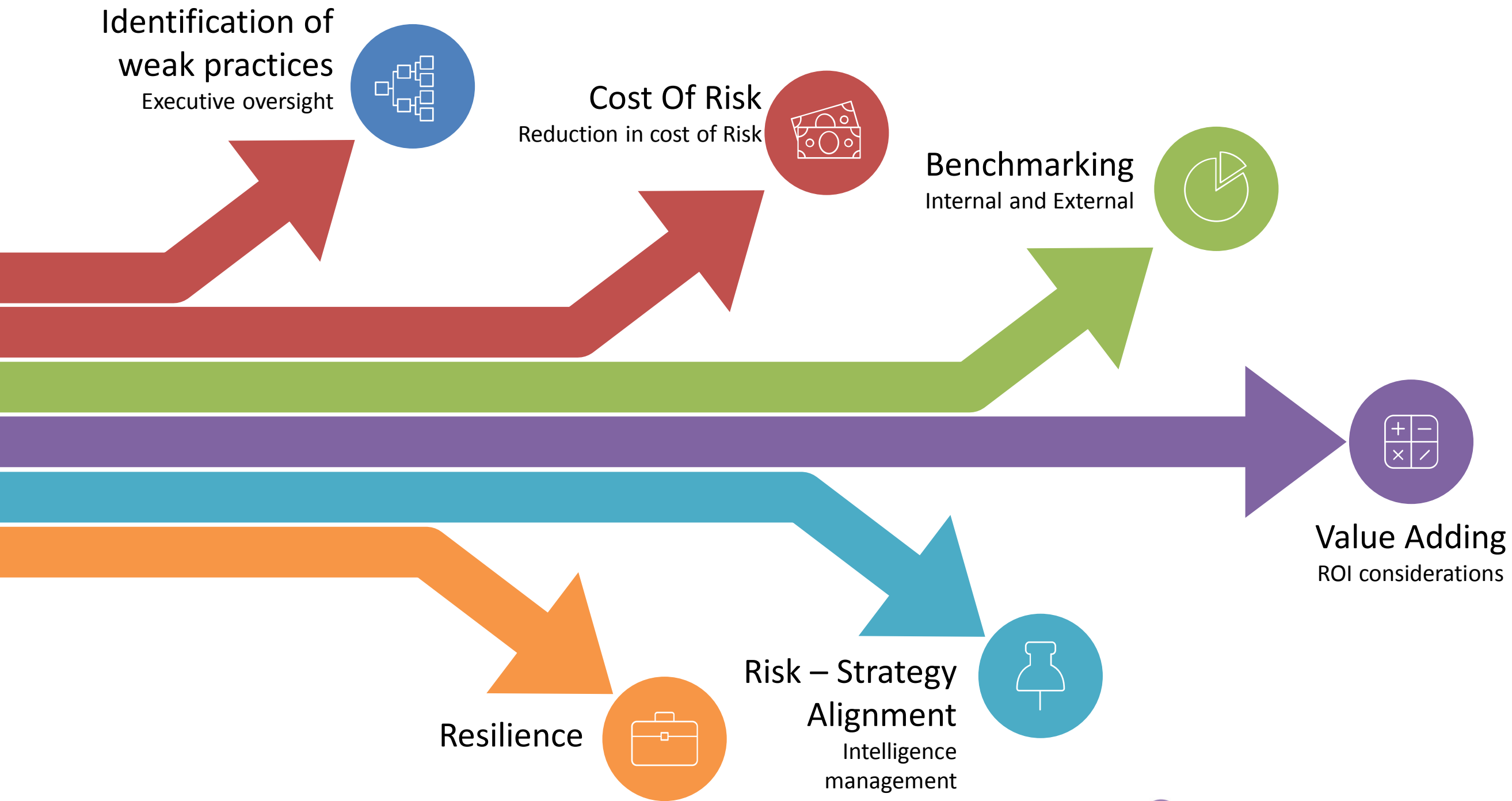
Workflow & Dashboard
Game Plan **05**



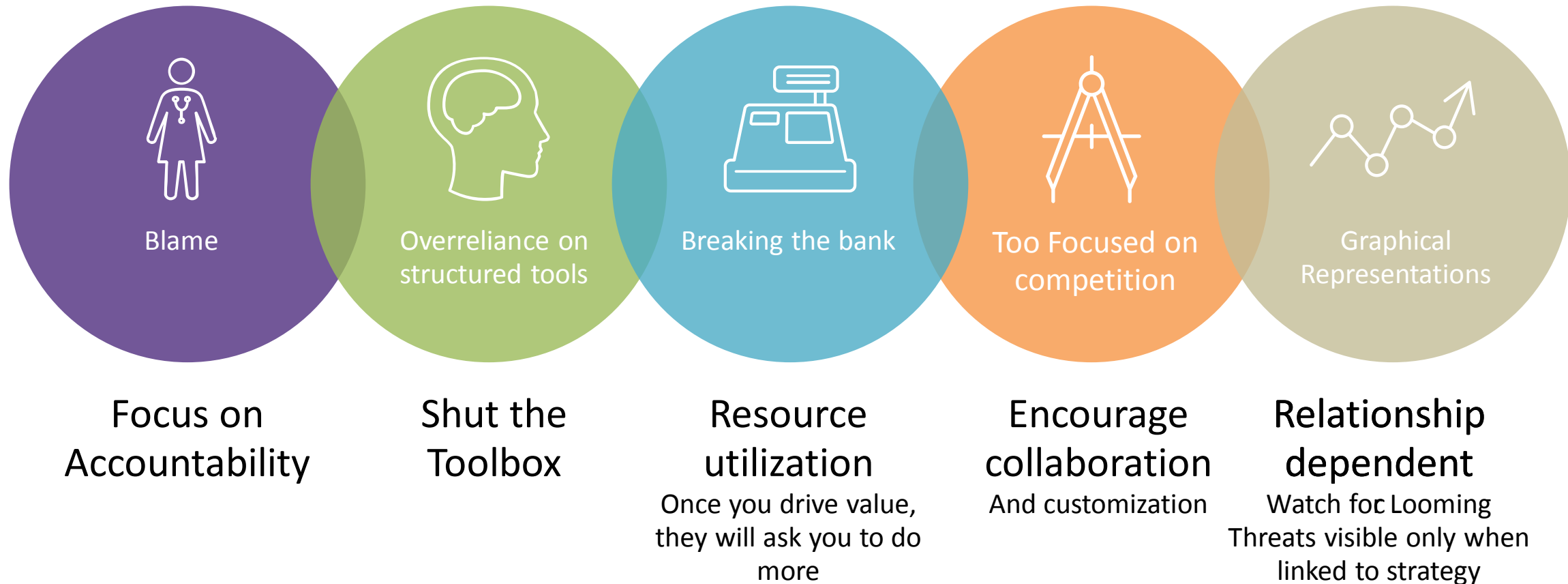
Risk and Controls
02 Risk Identification

Integrated communication
04 Information and Document Management



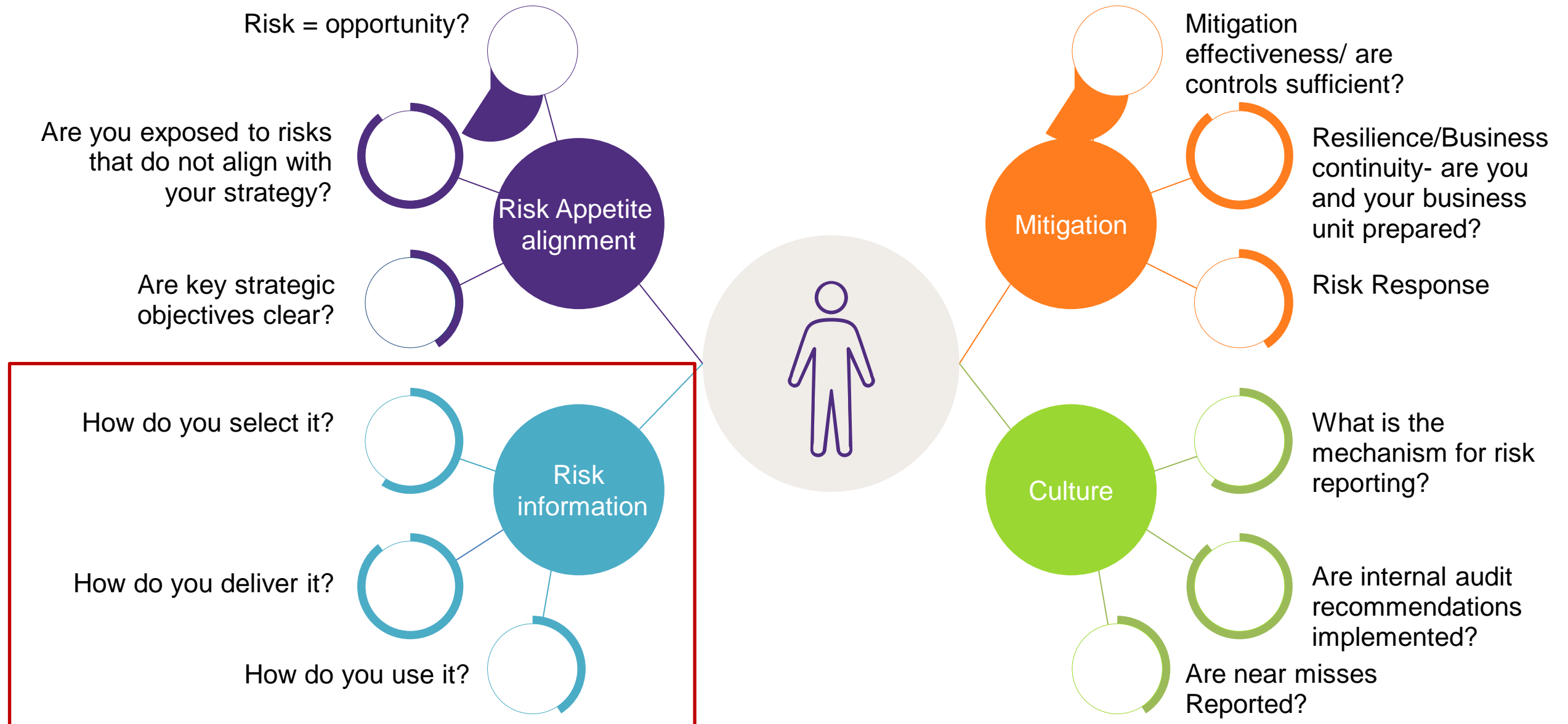


What a Risk Report is not



Risks are changing, your risk information and reporting structure should too

Risk Manager Function's Role



How can you play a role?



Closing Thoughts



Thank You



Resources

- Institute of Risk Management, Enterprise Risk, The power of Simplicity, Arthur Piper
- RIMS.org
- Aon plc – Aon Centre of Innovation and Analytics , Global Risk Management Survey 2017
- Aon Plc – Aon Risk Maturity Index, Insight Report, October 2017
- HBR.org
- Enterprise Risk Management—Integrating with Strategy and Performance www.coso.org

Melissa Aoun, ARM, MSc

Associate Director
Head of Business Risk Services
Dubai, UAE
E: Melissa.aoun@ae.gt.com