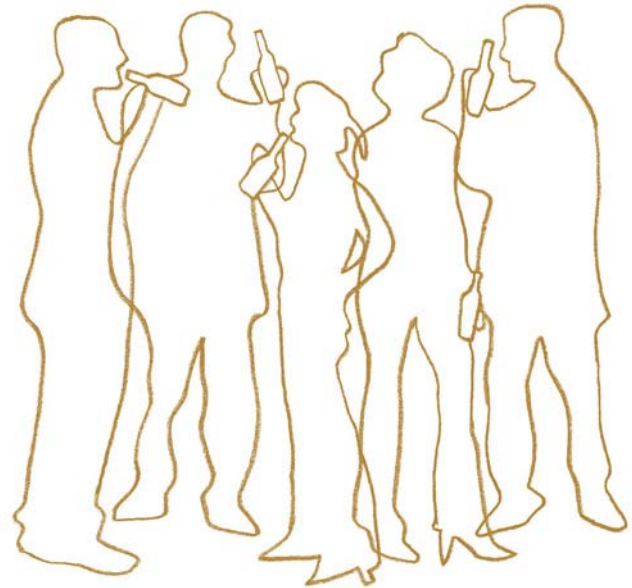


The Challenges of Implementing Enterprise Wide Risk Management in Global FTSE 30 Companies

Andrew Keeling

Head of Group Risk Management & Insurance

SABMiller plc





AGENDA

1. My Background
2. Challenges
3. My Role
4. Practical implementation and success factors



SABMiller plc

- SABMiller is one of the world's leading brewers with brewing interests or major distribution agreements in over 60 countries spread across five continents

– Revenue	15,307 US \$m
– EBITA	2,941 US \$m

- Key regions
 - USA
 - Europe
 - Africa
 - Asia
 - India
 - China
 - South America
 - Central America



Introduction – The Standard Rhetoric!

- **Understanding strategic and significant operational risks, is a key element in developing a robust business strategy**
- **Enterprise wide risk management provides a systematic framework for management teams to deal effectively with the risks and opportunities associated with uncertainty, in order to enhance shareholder value and maximise commercial potential**



Challenges

- Risk history
- Role of Head of Risk
- Existing risk process
- If its known we must be dealing with it?



Enablers

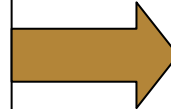
- Reporting to the global CFO
- Direct access to the CEO and global managing board
- Easy access to region and country MDs and FDs
- South African culture
- Lessons learnt at Vodafone



Risk Strategy

2004

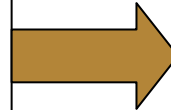
Transfer risk e.g. insurance



2006

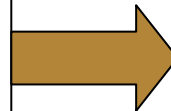
Reduced cost of risk and improving business effectiveness

Protect physical assets



Protection of brand, corporate reputation & credit rating

Compliance only



Compliance & improved decision making



Role

- November 2004?
- November 2006
 - Strategic and Operational Risk – A
 - BCP – A
 - Product recall – A
 - Insurance – A - 60m US\$
 - M&A – S
 - Acquisition integration - S
 - Treasury - S
 - Internal control (SOx) – S
 - Corporate Governance - S
 - Audit – S
 - Group Strategy and Business Planning - S

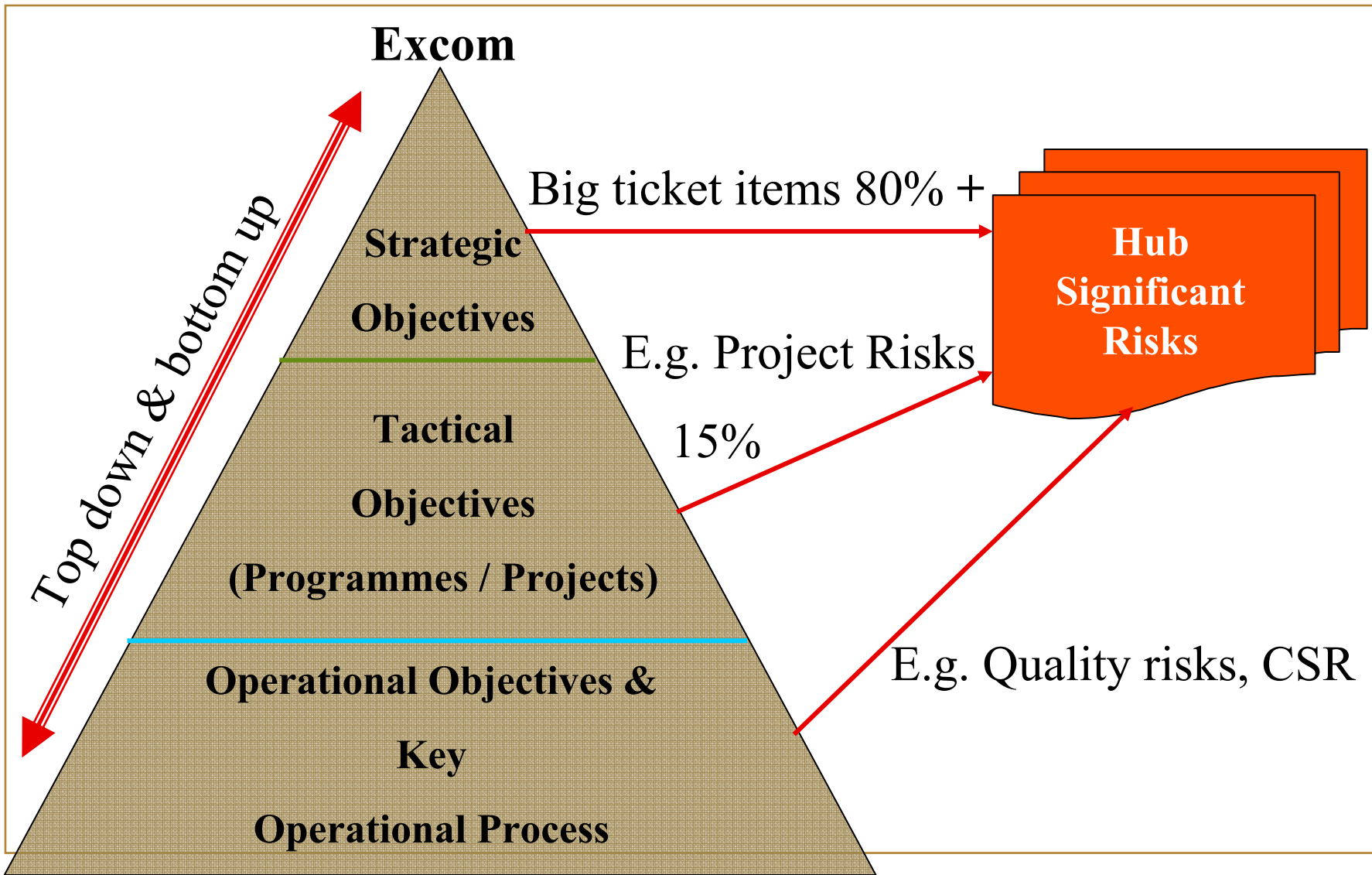


SABMiller Risk Framework





The Significant Risk Triangle





What does this deliver?

Improved decision making

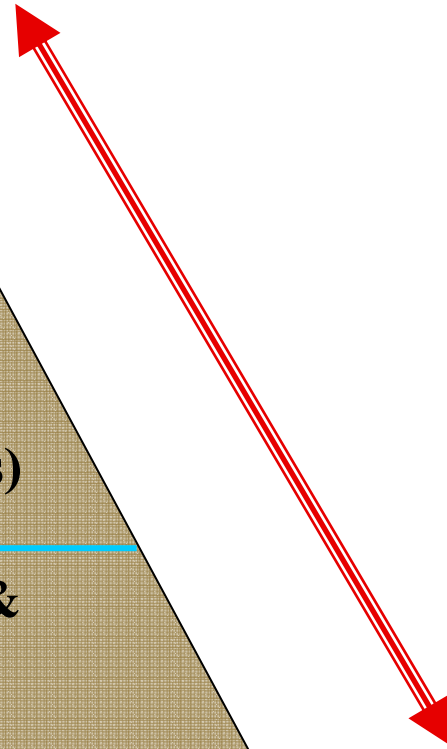
Strategic Objectives

Tactical Objectives

(Programmes / Projects)

Operational Objectives & Key

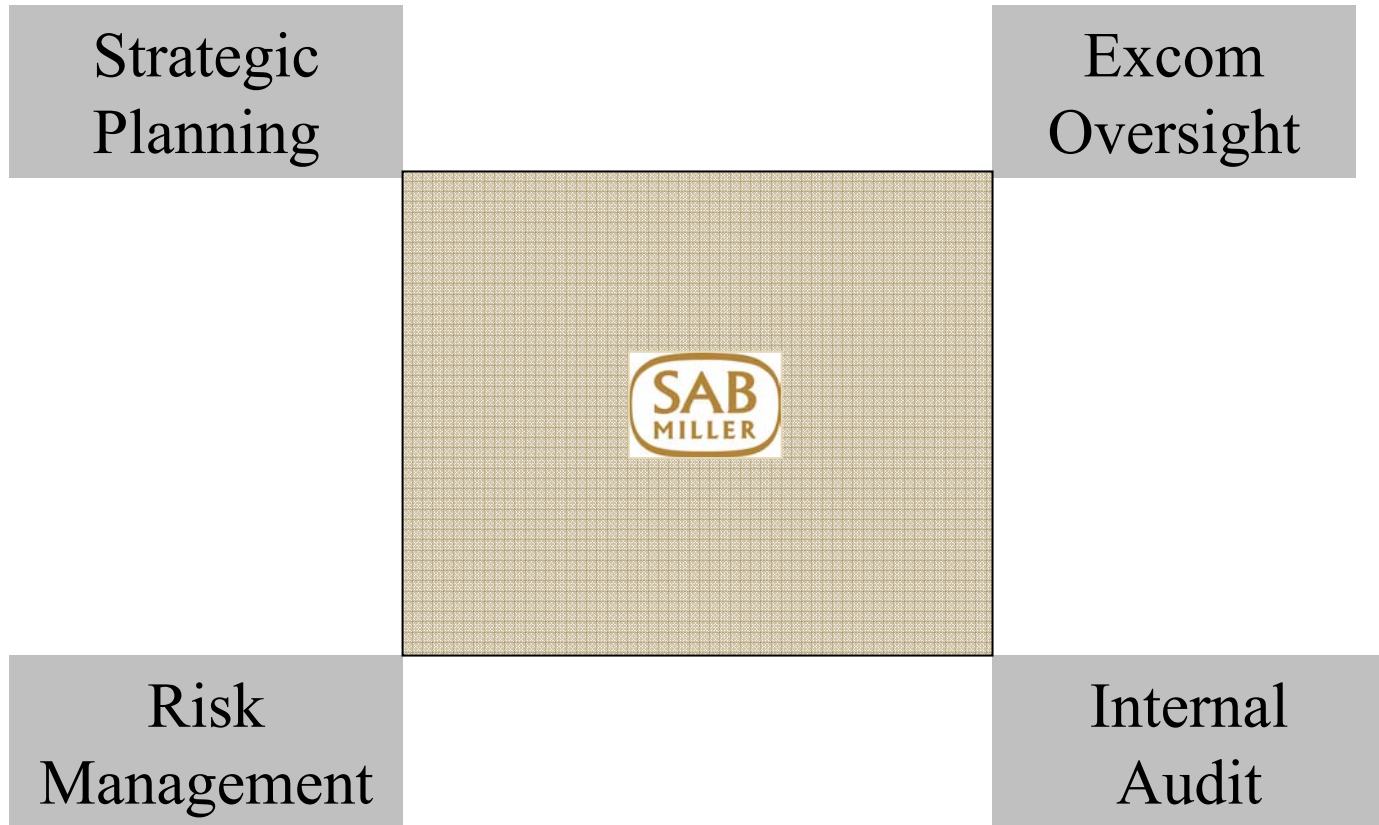
Operational Process



Robust processes



The Cornerstones of our Risk Management System





Responsibilities

■ Hub and Country ExCom should consider:-

- The nature and extent of the risks facing their company
- The extent and categories of risk which it regards as acceptable for the company to bear
- The likelihood of the risks concerned materialising
- The company's ability to reduce the incidence and impact on the business of the risks that do materialise
- The costs of operating particular controls relative to the benefit thereby obtained in managing the related risks

The Turnbull Guidance



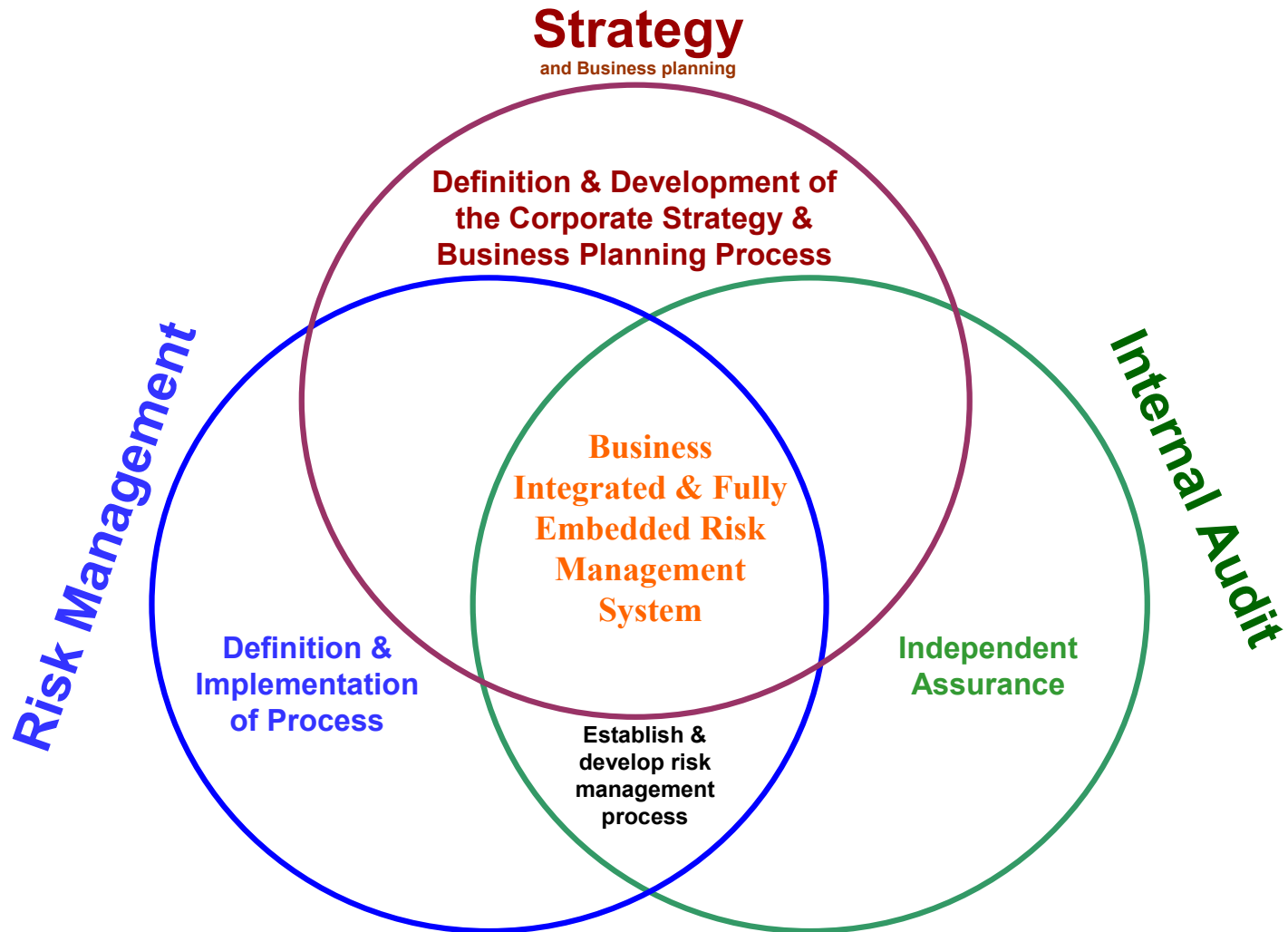
Risk Reviews

- **When reviewing (risk management) reports during the year, the ExCom/s should:**
 - Consider what are the significant risks
 - Assess how they have been identified, evaluated and managed
 - Consider whether necessary actions are being taken promptly to remedy any significant failings
 - Assess the effectiveness of the related system of control managing the significant risks
 - The changes since the last assessment in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment
 - The scope and quality of management's ongoing monitoring of risks

The Turnbull Guidance



Risk Management / Audit / Strategy Relationship





Key implementation success factors

1. Seniority in the business
2. Top Management buy in and support / understanding
3. Clear direction and instructions
4. Top Management participation
5. Involve the appropriate people
6. Drive the message around having open and honest discussions
7. Share and build on current practice
8. Ensure follow up of gap items and deficiencies
9. Provide information/feedback
10. Integrate into the:-
 - Business planning process
 - Performance management process