



GEC Risk Advisory
Transforming Risk into Value[®]

17th Annual Farmer Cooperatives Conference
Assessing & Managing Risks in the Global Market

Andrea Bonime-Blanc, CEO, GEC Risk
Minneapolis, MN – November 6, 2014



ANDREA BONIME-BLANC, JD/PhD



- CEO & Founder, GEC Risk Advisory LLC
- Author, The Reputation Risk Handbook (Oxford: Dō Sustainability, 2014)
- Program Director, The Conference Board
- Former SVP & Founding Global Chief Ethics & Compliance Officer, Bertelsmann AG
- Former SVP & Head Global Corporate Responsibility & Risk Management, Verint Systems
- Former General Counsel, Head of EH&S, E&C, Strategic & External Affairs, PSEG Global
- Adjunct Faculty/Program Director, NYU Corporate Compliance & Ethics Certification Program
- Named a “Top 100 Thought Leaders in Trustworthy Business 2014”
- Chairman of the Board, Epic Theatre Ensemble
- Audit Committee Chair, Counterpart International
- Chair Emeritus, Ethics & Compliance Officer Association
- Individual Director Member NACD / Life Member, The Council on Foreign Relations
- Author of books and articles published in the NYT, Foreign Affairs, El Cronista, El Pais, Expansion
- Columnist, *The GlobalEthicist*, Ethical Corporation Magazine
- Joint JD & PhD from Columbia University / BA Political Science Baruch College CUNY
- Born and raised in Germany and Spain. Global traveler and professional practice.



OVERVIEW

- **Global Risk & Reputation Management in the Age of Hyper-Transparency: *Issues, Cases & Scandals***
- **The Emerging Paradigm for Global Risk, Integrity & Reputation Management**
- **Global Risk & Reputation Management Tools and Techniques for Executives & the Board**
- **The Future of Global Risk Management: *Transforming Risk into Value***



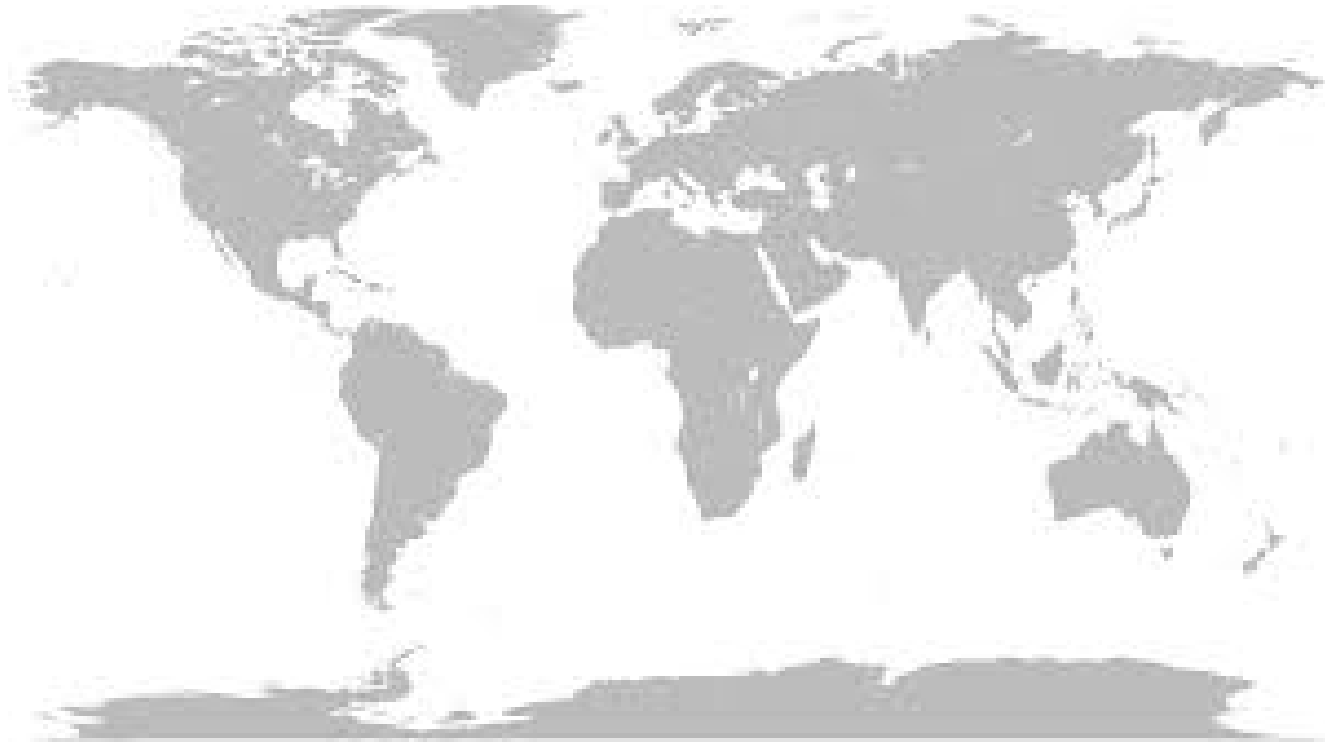
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A WORLD OF RISK & CRISIS

DO YOU KNOW WHAT YOUR TOP RISKS ARE?





A WORLD OF RISK & CRISIS

DO YOU KNOW WHAT YOUR TOP RISKS ARE?



**Corruption
Cybercrime
Climate Change
Supply Chain
Human Rights
Child Labor
Pandemic/Epidemic
Business Continuity**



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DO YOU KNOW WHAT YOUR TOP RISKS ARE?



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Cybercrime
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Human Rights
Child Labor
Pandemic/Epidemic
Business Continuity

Regulatory
Political
Antitrust
Governance
Fraud
Environmental
Health & Safety
Security



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***What about a
Black Swan?***





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**Regulatory
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Fraud
Environmental
Health & Safety
Security**

***WHAT ABOUT
REPUTATION?***

***What about a
Black Swan?***





WHAT ABOUT LEADERSHIP & CULTURE FAILURE RISK?

The GlobalEthicist – The biggest risks nobody talks about

By [Andrea Bonime-Blanc](#) on **Feb 5, 2014**

The failure of leaders and the business cultures they encourage can have devastating consequences

The World Economic Forum has just published its Global Risks 2014, a very useful snapshot of risks confronting governments, companies and other stakeholders. Though it targets large systemic risks, in this and other risk assessments there is, however, a gaping hole: the risk of leadership and culture failure.



Source: Andrea Bonime-Blanc, "The Biggest Risks Nobody Talks About". Ethical Corporation Magazine. February 5, 2014.

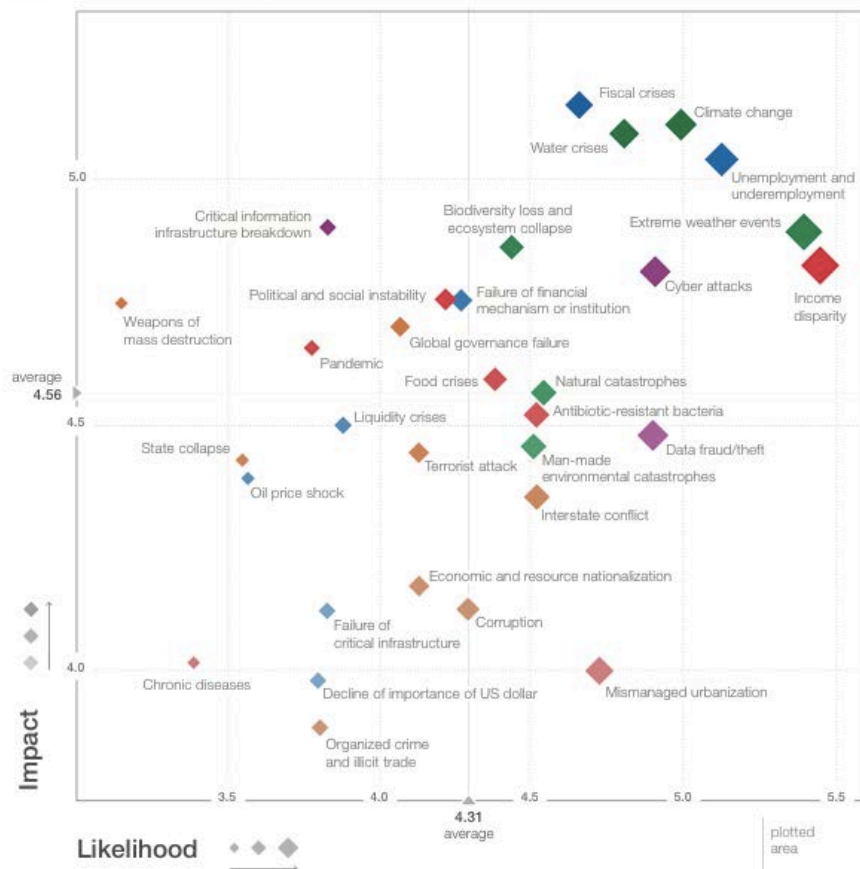


GLOBAL RISK:

ACCORDING TO THE WORLD ECONOMIC FORUM

THE BIG PICTURE RISK LANDSCAPE

Figure 1.1: The Global Risks Landscape 2014



Source: The World Economic Forum 2014.



GLOBAL RISK: ACCORDING TO INSURANCE & RISK EXPERTS

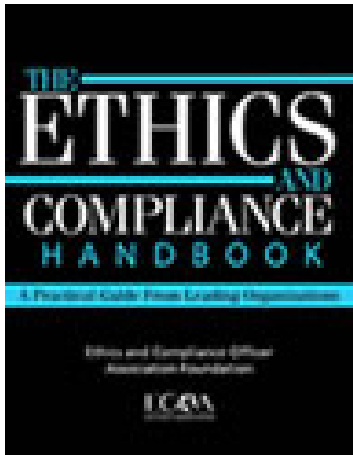
Top 10 global business risks for 2014

	2014		2013	Rank	Trend
	1 Business interruption, supply chain risk	43%	46%	(1)	—
	2 Natural catastrophes (for example, storm, flood, quake)	33%	44%	(2)	—
	3 Fire, explosion	24%	31%	(3)	—
	4 Changes in legislation and regulation	21%	17%	(4)	—
	5 Market stagnation or decline	19%	12%	(8)	↗
	6 Loss of reputation or brand value (for example, from social media)	15%	10%	(10)	↗
	7 Intensified competition	14%	17%	(5)	↘
	8 Cyber crime, IT failures, espionage	12%	(-)	(-)	● NEW
	9 Theft, fraud, corruption	10%	(-)	(-)	● NEW
	10 Quality deficiencies, serial defects	10%	13%	(6)	↘

The third annual Allianz Risk Barometer survey was conducted among risk consultants, underwriters, senior managers and claims experts in the corporate insurance segment of both Allianz Global Corporate & Specialty (AGCS) and local Allianz entities. Figures represent the number of responses as a percentage of all survey responses (557)



GLOBAL RISK: ACCORDING TO ETHICS & COMPLIANCE PRACTITIONERS



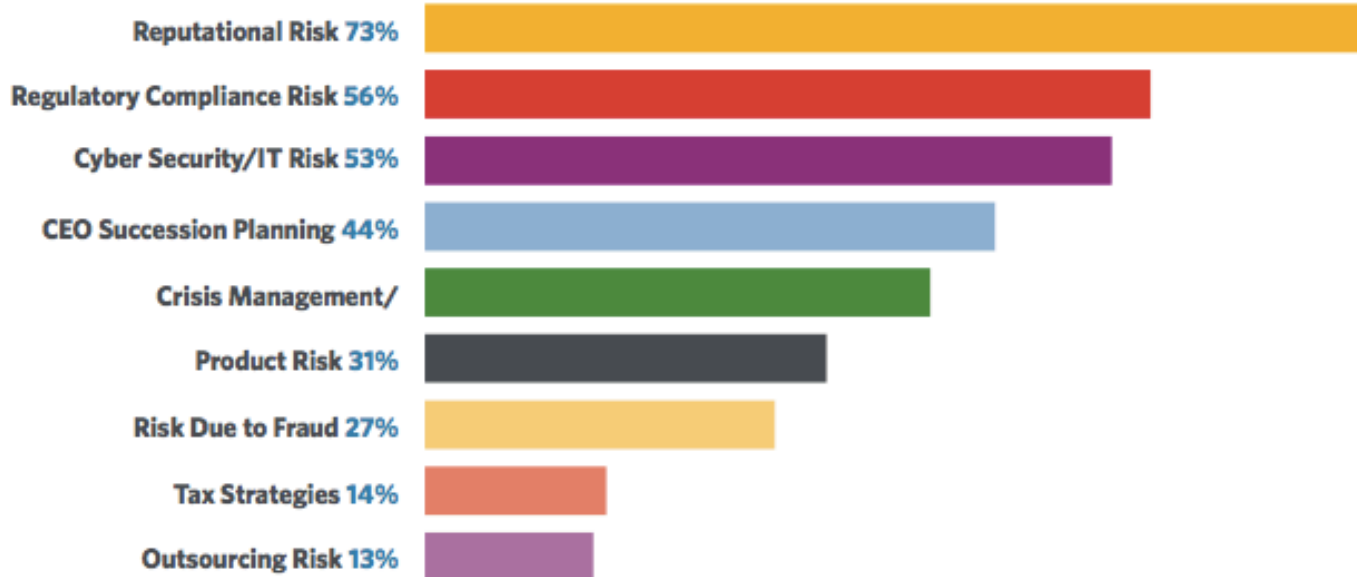
- *Bribery and Corruption*
- *Antitrust and Unfair Competition*
- *Privacy and Data Security*
- *Harassment and Discrimination*
- *Human Rights*
- *Conflicts of Interest*
- *Environment, Health, and Safety*
- *Whistleblower Protection*
- *Political Lobbying*
- *Theft, Embezzlement, and Other Financial Misconduct*
- *Fraud and Earnings Management*
- *Money Laundering*

Source: *The Ethics & Compliance Handbook*. Chapter 1 “Risk Assessments”, Andrea Bonime-Blanc & Jacqueline E. Brevard, co-authors. The ECOA Foundation, 2008.



GLOBAL RISK: *ACCORDING TO BOARD DIRECTORS*

ASIDE FROM FINANCIAL RISK, WHICH OF THE FOLLOWING AREAS OF RISK MANAGEMENT ARE MOST IMPORTANT TO YOUR BOARDS?

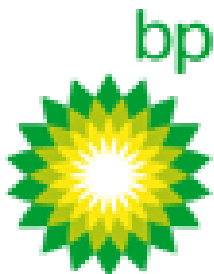


Source: Eisner Amper. Concerns Around Risks Confronting Boards 2013.



GLOBAL RISK...*GONE WRONG*

SOME SURVIVED...

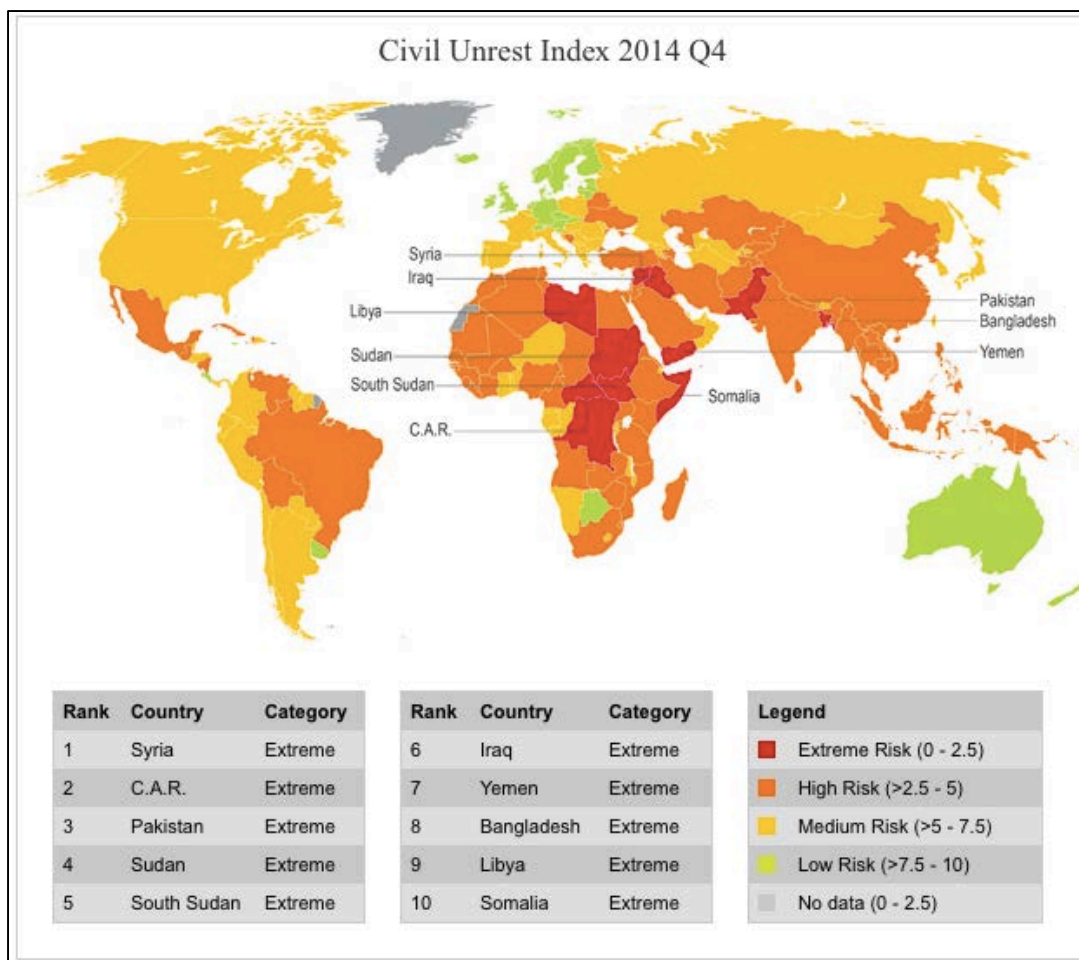


...*AND SOME DID NOT...*





POLITICAL RISK



SOURCE: Maplecroft Website. October 29, 2014.



ENVIRONMENTAL, HEALTH & SAFETY RISK





HUMAN RIGHTS RISK

What Is Human Rights Risk?

Should My Company Be Concerned about It?

by Mary B. Young, Principal Researcher, Human Capital

Mention business in relation to human rights and what comes to mind for most people is child labor and sex trafficking—violations that seem worlds apart from the day-to-day operations of multinational corporations (MNCs). Yet human rights risk (HRR) is a real and growing concern for MNCs. In fact, according to a growing body of research, HRR is a significant risk factor for MNCs.

December 10, 2013

Worker Deaths Raise Questions at an Apple Contractor in China

By DAVID BARBOZA

SHANGHAI — Last September, a young Chinese laborer named Shi Zhaokun began working long hours at a huge manufacturing plant here that produces Apple's new iPhone 5C.

The New York Times | <http://www.nytimes.com/2013/12/10/business/worker-deaths-at-apple-contractor-in-china.html>

BUSINESS DAY | NYT NOW

Just 13, and Working Risky 12-Hour Shifts in the Tobacco Fields

By STEVEN GREENHOUSE SEPT. 6, 2014



SUPPLY CHAIN & THIRD PARTY RISK

Ethical Corporation • October 2013



The GlobalEthicist

Supply chain risk: what companies need to know

By Andrea Bonime-Blanc

There are all too many examples of the devastating consequences of overlooking supply chain risks. Get it right, and a company and its stakeholders can reap the benefits



ExecutiveAction Series



THE CONFERENCE BOARD CHINA CENTER FOR ECONOMICS AND BUSINESS™

The Changing Chinese Supply Chain

Building a Sustainable and Reputable Supply Chain in and out of China

by Andrea Bonime-Blanc and Michael Hickman

In an era of aggressive enforcement and more demanding consumers in China, building a safe, sustainable, and reputable supply chain is more critical than ever. It takes a disciplined and unrelenting approach but one that will pay bottom-line and reputational dividends in the medium and long term. Today, the risks are simply too great not to act.



SUPPLY CHAIN HUMAN RIGHTS RISK: *HUMAN TRAFFICKING*

Agricultural Sector Companies Face Increased Scrutiny on Human Rights-Related Risks

(<http://www.csrandthelaw.com/2013/12/agricultural-sector-companies-face-increased-scrutiny-on-human-rights-related-risks/>)

Posted on December 23rd, 2013 (<http://www.csrandthelaw.com/2013/12/agricultural-sector-companies-face-increased-scrutiny-on-human-rights-related-risks/>) by Sarah A. Altschuller (<http://www.csrandthelaw.com/author/sarah-a-altschuller/>)



([http://www.csrandthelaw.com/wp-](http://www.csrandthelaw.com/wp-content/uploads/2013/12/iStock_000031004686XSmall-e1387336039954.jpg)

[content/uploads/2013/12/iStock_000031004686XSmall-e1387336039954.jpg](http://www.csrandthelaw.com/wp-content/uploads/2013/12/iStock_000031004686XSmall-e1387336039954.jpg))

Agricultural sector companies, and companies with large agricultural supply chains, face new scrutiny from investors and other stakeholders concerning human rights-related risks in their corporate supply chains. Key issues for this sector include the risks of **human trafficking**



CORRUPTION RISK I

WAL-MART ABROAD | *How a retail giant fueled growth with bribes*

Vast Mexico Bribery Case Hushed Up by Wal-Mart After Top-Level Struggle

Confronted with evidence of widespread corruption in Mexico, top Wal-Mart executives focused more on damage control than on rooting out wrongdoing, an examination by The New York Times found.





CORRUPTION RISK II

Wal-Mart Stores, Inc. Common St

■ WMT



**\$10
BILLION**



April 23, 2012 – Wal-Mart stock price plummets by 5%



General Motors Raises Ignition-Switch Death Toll to 24

Dealers » General Motors

GM extends 'speak up' safety message to dealers

Company prepares online training for dealership workers

BUSINESS

GM's General Counsel to Retire

Mike Millikin Came Under Fire During Congressional Hearings on Auto Maker's Recall Delays

GM report: Lawyers kept recall defect from top execs

Nathan Bomey , Detroit Free Press

4:32 p.m. EDT June 9, 2014



MORE SAFETY RISK

Massive airbag recall now a global problem

Takata-made airbags have been implicated in the deaths of three people



The New York Times

<http://nyti.ms/ZHF58B>

BUSINESS DAY | NYT NOW

Takata Airbag Recall Faces Rising Scrutiny

By HIROKO TABUCHI and AARON M. KESSLER OCT. 22, 2014

Millions of cars worldwide are being recalled due to faulty, potentially lethal, airbags.



ACCOUNTING FRAUD RISK



Tesco Chairman Resigns After Accounting Scandal

LONDON — Oct 23, 2014, 6:30 AM ET
By DANICA KIRKA Associated Press



theguardian

News | US | World | Sports | Comment | Culture | Business | Money

Business > Tesco

Black day for Tesco as profits fall by 92%

Chairman Sir Richard Broadbent stands down as Deloitte finds bigger hole in retailer's accounts than first estimated



REGULATORY (AND FRAUD) RISK

Bank industry vs. tobacco industry litigation

Bank of America : \$74.65 billion
J.P. Morgan : \$27.09 billion
Citigroup: \$12.14 billion
Wells Fargo: \$9.90 billion
Morgan Stanley: \$1.91 billion
Goldman Sachs: \$0.88 billion
BNP Paribas: \$8.9 billion
HSBC: \$1.9 billion
UBS: \$1.5 billion
Credit Suisse: \$2.6 billion
Standard Chartered PLC:
\$640 million

**\$142.11
billion**

Bank industry

Settlement
with the five
largest
tobacco
makers in the
country, Philip
Morris, R.J.
Reynolds,
Brown &
Williamson,
Lorillard and
Liggett &
Meyers.

**\$246
billion**

Tobacco industry

Source: WSJ, MarketWatch, various news reports



“CYBER-INSECURITY” RISK





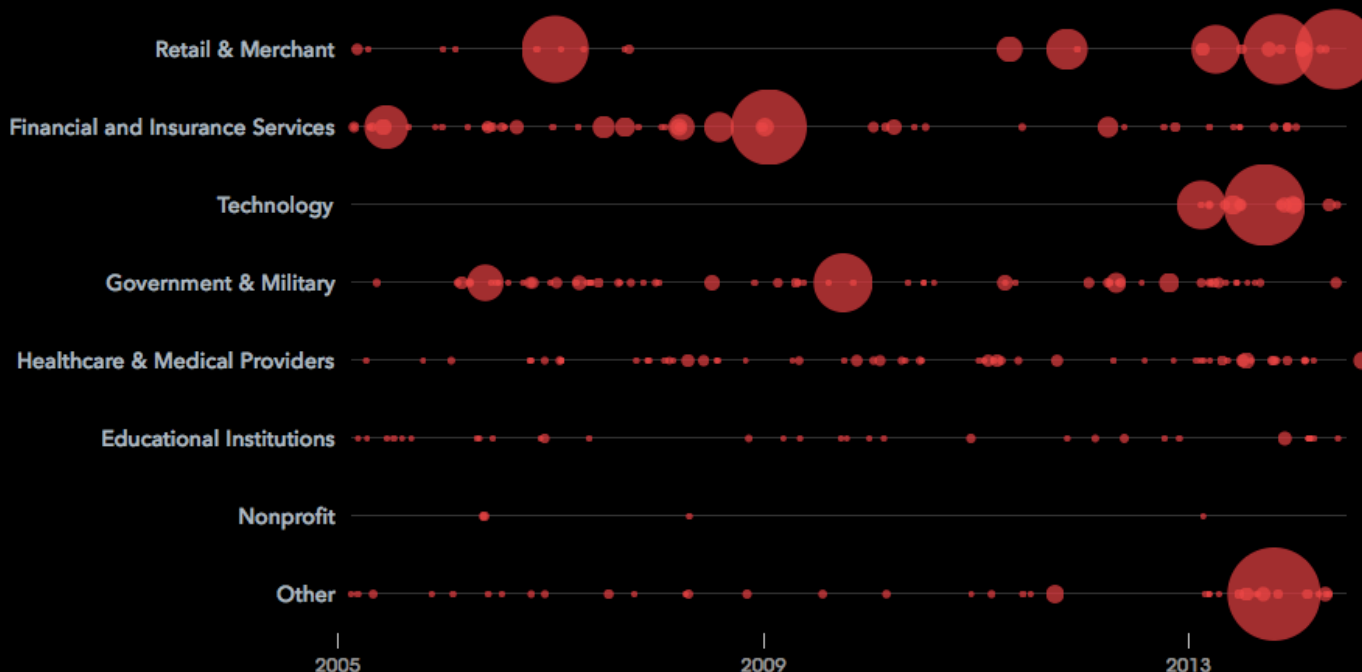
CYBER-INSECURITY RISK BY INDUSTRY

Data Breaches Over Time

Since 2005, more than 300 data breaches in which 100,000 or more records were compromised have been publicly disclosed.

By industry

By cause



Source: Bloomberg News: <http://www.bloomberg.com/infographics/2014-08-21/top-data-breaches.html>



SOCIAL MEDIA RISK I

THE WALL STREET JOURNAL.

SPORTS - GOLF

PGA Fires Its President

Ted Bishop Had Criticized Ian Poulter in Tweet, Facebook Post

Associated Press

Oct. 24, 2014 8:20 p.m. ET



***“Really? Sounds like a little school girl squealing during recess.
C’MON MAN!”***



***“Faldo’s record stands by itself. Six majors and all-time RC points.
Yours vs. His? Lil Girl.”***



SOCIAL MEDIA RISK II

Going to Africa. Hope I don't get AIDS. Just kidding. I'm white!

— Justine Sacco (@JustineSacco) **December 20, 2013**

The Age of Twitter et al





NO INDUSTRY IS IMMUNE TO RISK...

Nestlé



MONSANTO





AND NO INDUSTRY IS IMMUNE TO REPUTATION RISK...

...WHETHER TRUE, FALSE OR INACCURATE

Greenpeace Investigation Links U.S. Agribusiness to Rainforest Scandal Revealed: Cargill Linked to Slavery, Land-Grabbing, Deforestation

Media release - April 6, 2006

Greenpeace International in the Netherlands released evidence today exposing the role of Cargill in rainforest destruction, and revealing the company's ties to slavery and land-grabbing in the Amazon. As a result of the investigation, Greenpeace is urging Cargill to end its unlawful operations in Santarem, Brazil, and commit to buying soy from legal farms that are not destroying rainforests or using slave labor.



REPUTATION RISK

REPUTATION RISK IS CONSIDERED A TOP (EVEN #1) RISK BY BOARDS & CEO'S GLOBALLY

An evolving strategic risk portfolio

Which risk areas have the greatest impact on your business strategy?



Source: Deloitte, Exploring Strategic Risk, 2013.



REPUTATION RISK IN THE AGE OF HYPER-TRANSPARENCY

WHAT IS IT AND WHY IS IT IMPORTANT?



Because a reputational crisis will shave an average 7% from a company's market capitalization, reputational value restoration can yield a net additional average of 13.5% in market capitalization. The incentives are transparent;

"Reputation risk is an amplifier risk that layers on or attaches to other risks – especially ESG risks – adding negative or positive implications to the materiality, duration or expansion of the other risks on the affected organization, person, product or service."



THE REPUTATION RISK INDEX

Figure 1
RepRisk Index (RRI) - List of Most Exposed Companies Related to ESG Issues (August 2012 to August 2014)

Peak RRI 75-100

Name	RRI Current / Change / Peak	Sectors	Location
Chonghaein Marine Co Ltd	72 -12 93	Travel and Leisure	Korea, Republic of (South Korea)
Tazreen Fashions Ltd	33 +13 80	Personal and Household Goods	Bangladesh
Federation Internationale de Football Association (FIFA)	76 -1 79	Travel and Leisure	Switzerland
Kunshan Zhongrong Metal Products Co	75 +75 75	Automobiles and Parts	China

Peak RRI 50-75

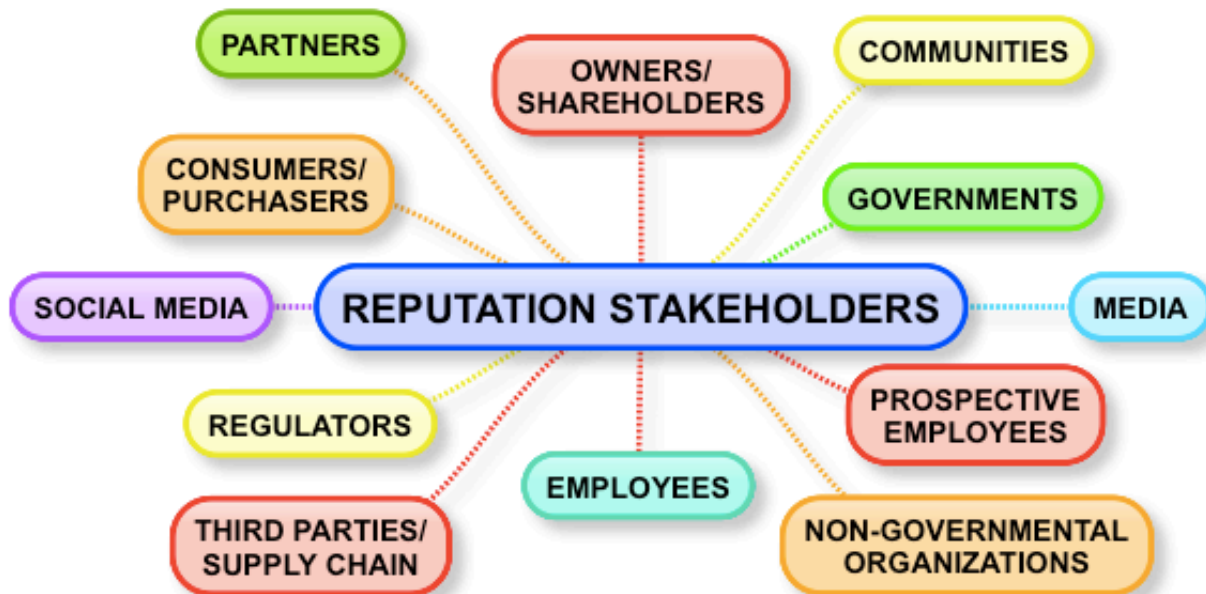
Name	RRI Current / Change / Peak	Sectors	Location
General Motors Co (GM)	74 +0 74	Automobiles and Parts	United States of America
KT ENS Corp	35 +5 74	Software and Computer Services	Korea, Republic of (South Korea)
Liberty Reserve	27 +9 74	Financial Services	Costa Rica
Lonmin PLC	35 +0 73	Mining	United Kingdom of Great Britain and Northern Ireland
Neiman Marcus Group Inc	23 -1 73	Retail	United States of America
Semo Group	53 -13 73	Industrial Transportation	Korea, Republic of (South Korea)

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REPUTATION RISK STAKEHOLDERS

Reputation Stakeholders



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SOURCE: Andrea Bonime-Blanc. The Reputation Risk Handbook. Oxford, UK: DŌ Sustainability (2014).

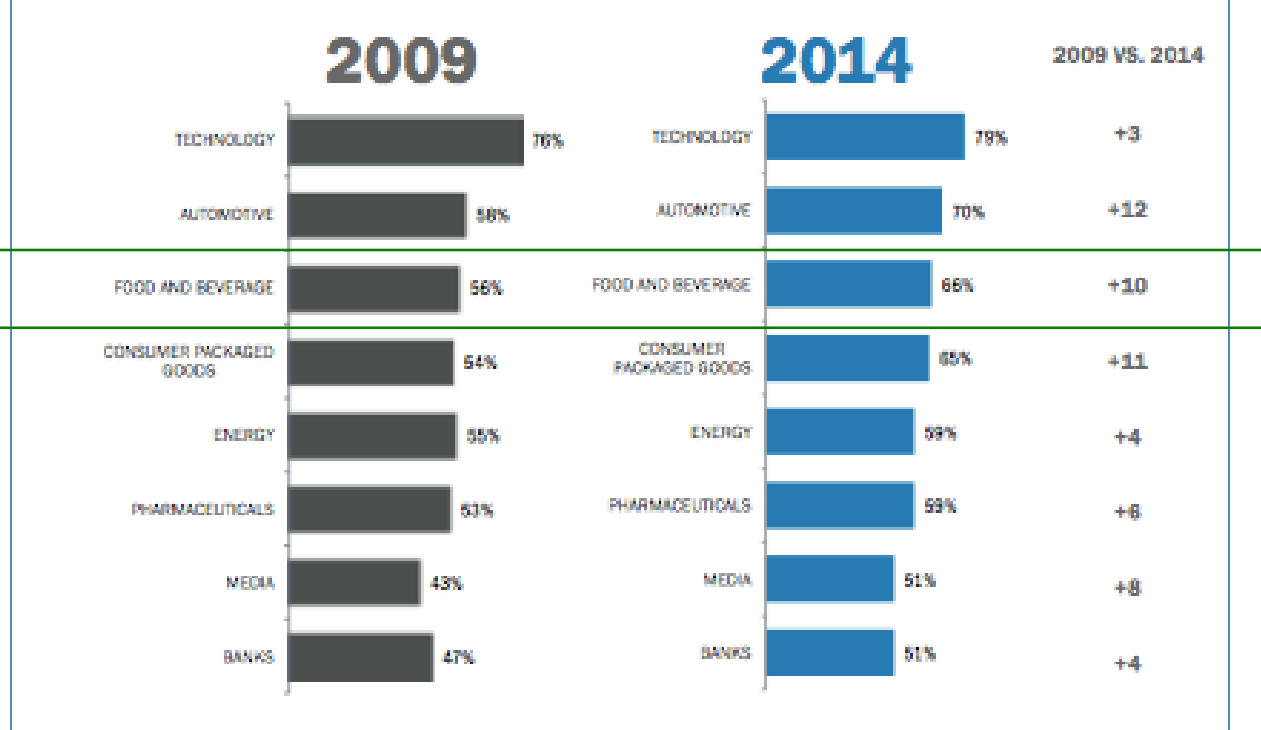


GLOBAL INDUSTRY & STAKEHOLDER TRUST

**WHY
REPUTATION
RISK MATTERS**

*The Food &
Beverage
Sector is
generally
trusted*

Figure 7: Technology continues to lead, banks trail



Source: Edelman Trust Barometer 2014.



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THE U.S. GOVERNMENT VIEW OF “EFFECTIVE COMPLIANCE”



An effective compliance program promotes “an organizational culture that encourages ethical conduct and a commitment to compliance with the law.”³⁰¹ Such a program protects a company’s reputation, ensures investor value and confidence, reduces uncertainty in business transactions, and secures a company’s assets.³⁰² A well-constructed, thoughtfully implemented, and consistently enforced compliance and ethics program helps prevent, detect, remediate, and report misconduct, including FCPA violations.



WHAT AN EFFECTIVE ETHICS & COMPLIANCE PROGRAM LOOKS LIKE

The elements of an effective ethics and compliance programme

- 1 E&C risk assessment** – Conducting a periodic and targeted ethics and compliance risk assessment
- 2 Code and policies** – Having a code of conduct and related system or framework of policies
- 3 CECO Resources** – Creating an office of the chief ethics and/or compliance officer (CECO) with sufficient resources and budget
- 4 Board and C-Suite access** – Giving the CECO access and reporting to the highest levels of the organisation, including management and board
- 5 Training and communications** – Providing appropriate ethics and compliance training and communications
- 6 Internal controls alignment** – Implementing a system of internal controls and proper delegation of approval authority
- 7 Helpline/hotline system** – Devising a system to solve concerns and problems, including anonymous reporting options
- 8 Consistent discipline** – Implementing a consistent system of internal discipline
- 9 Auditing, monitoring and evaluating** – Periodically auditing, monitoring and evaluating your ethics and compliance programme



THE GLOBAL VIEW: TRANSPARENCY INTERNATIONAL

176 COUNTRIES. 176 SCORES. HOW DOES YOUR COUNTRY MEASURE UP?

The perceived levels of public sector corruption in 176 countries/territories around the world.



RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE
1	Denmark	90	32	Saint Lucia	71	62	FYR Macedonia	43	113	Guatemala	33
2	Austria	89	33	Austria	69	63	South Africa	43	114	Russia	28
3	Finland	90	34	Iceland	69	64	Bosnia and Herzegovina	42	115	Niger	28
4	New Zealand	90	35	Qatar	68	65	Lithuania	54	116	Timor-Leste	33
5	Sweden	88	36	United Arab Emirates	68	66	Rwanda	53	117	Azerbaijan	27
6	Singapore	87	37	Cyprus	66	67	Italy	42	118	Dominican Republic	32
7	Switzerland	86	38	Botswana	65	68	Sao Tome and Principe	42	119	Ecuador	32
8	Australia	85	39	Seychelles	65	69	Bulgaria	41	120	Nepal	27
9	Norway	85	40	Bahrain	64	70	Liberia	41	121	Nigeria	27
10	Canada	84	41	Latvia	64	71	Montenegro	41	122	Equatorial Guinea	26
11	Netherlands	84	42	Czech Republic	63	72	Tunisia	41	123	Pakistan	27
12	Iceland	82	43	Malaysia	63	73	Sri Lanka	40	124	Bangladesh	26
13	Luxembourg	80	44	Portugal	63	74	China	39	125	Cameroon	26
14	Germany	79	45	Puerto Rico	62	75	Turkey	39	126	Haiti	19
15	Hong Kong	77	46	Saint Vincent and the Grenadines	62	76	Cuba	39	127	Central African Republic	26
16	Barbados	76	47	Jordan	61	77	Serbia	39	128	Congo Republic	26
17	Belgium	75	48	Slovenia	61	78	Trinidad and Tobago	39	129	Syria	26
18	Japan	74	49	Taiwan	61	79	Burkina Faso	38	130	Ukraine	26
19	United Kingdom	74	50	Capo Verde	60	80	El Salvador	38	131	Eritrea	25
20	Chile	72	51	Israel	60	81	Burkina Faso	38	132	Guinea-Bissau	25
21	Uruguay	72	52	Dominica	58	82	Jamaica	38	133	Bapua New Guinea	25
22	Bahamas	71	53	Poland	58	83	Panama	38	134	Nicaragua	25
23	France	71	54	Malta	57	84	Peru	38	135	Uganda	25
			55	Kuwait	57	85	Malawi	37	136	Comoros	25
			56	Mauritius	57	86	Morocco	37	137	Guyana	25
			57	Romania	56	87	Suriname	37	138	Honduras	25
			58	Saudi Arabia	56	88	Ethiopia	33	139	Iran	25
			59	Brunei	55	89	Swaziland	37	140	Angola	22
									141	Cambodia	22
									142	Tajikistan	22
									143	Democratic Republic of the Congo	21
									144	Laos	21
									145	Libya	21
									146	Equatorial Guinea	20
									147	Zimbabwe	20
									148	Burundi	19
									149	Chad	19
									150	Haiti	19
									151	Venezuela	19
									152	Iraq	18
									153	Turkmenistan	17
									154	Uzbekistan	17
									155	Myanmar	15
									156	Sudan	13
									157	Afghanistan	8
									158	Korea (North)	8
									159	Somalia	8



THE GLOBAL VIEW: ***GLOBALIZATION OF ANTI-CORRUPTION & E&C PROGRAMS***

 OECD BETTER POLICIES FOR BETTER LIVES	OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions	
<p>Argentina Australia Austria Belgium Brazil Bulgaria Canada Chile Colombia Czech Republic Denmark Estonia Finland France</p>	<p>Germany Greece Hungary Iceland Ireland Israel Italy Japan Korea Latvia Luxembourg Mexico Netherlands New Zealand</p>	<p>Norway Poland Portugal Russia Slovak Republic Slovenia South Africa Spain Sweden Switzerland Turkey United Kingdom United States</p>



THE GLOBAL VIEW: *GLOBALIZATION OF ENFORCEMENT I*

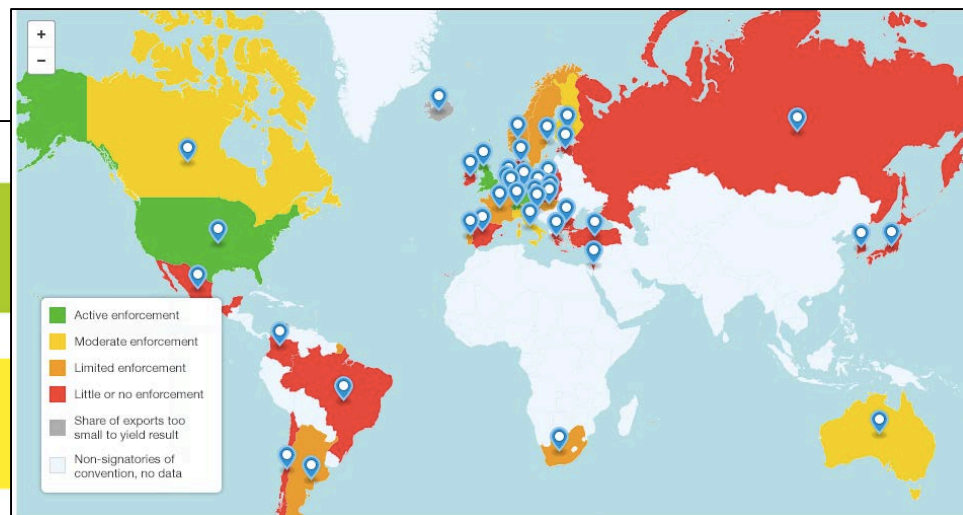
ENFORCEMENT LEVELS: OVERVIEW

ACTIVE ENFORCEMENT 4 countries with 23.1% of world exports
US, Germany, UK and Switzerland

MODERATE ENFORCEMENT 5 countries with 8.3% of world exports
Italy, Canada, Australia, Austria and Finland

LIMITED ENFORCEMENT 8 countries with 7.6% of world exports
France, Sweden, Norway, Hungary, South Africa, Argentina, Portugal, New Zealand

LITTLE OR NO ENFORCEMENT 22 countries with 27% of world exports
Japan, Netherlands, Korea (South), Russia, Spain, Belgium, Mexico, Brazil, Ireland, Poland, Turkey, Denmark, Czech Republic, Luxembourg, Chile, Israel, Slovak Republic, Colombia, Greece, Slovenia, Bulgaria and Estonia





THE GLOBAL VIEW: GLOBALIZATION OF ENFORCEMENT II

China executes two for tainted milk scandal

Official news agency says death sentences carried out on pair who added industrial chemical to infant formula

Tania Branigan in Beijing
The Guardian, Tuesday 24 November 2009 11.36 EST



Zhang Yujun, second right, seen here before the trial last December, was executed for endangering public safety. Photograph: China Daily/Reuters

China executed a dairy farmer and a milk salesman today for their role in a tainted infant formula scandal in which at least six children died and 300,000 were made ill, state media said.





THE UPSIDE OF AN EFFECTIVE E&C PROGRAM



Ex-Morgan Stanley executive gets prison time in bribery case

BY JESSICA DYE

NEW YORK | Thu Aug 16, 2012 7:03pm EDT

Morgan Stanley

US DOJ Statement on Morgan Stanley Case:

“After considering all the available facts and circumstances, including that Morgan Stanley constructed and maintained a system of internal controls, which provided reasonable assurances that its employees were not bribing government officials, the Department of Justice declined to bring any enforcement action against Morgan Stanley related to Peterson’s conduct. The company voluntarily disclosed this matter and has cooperated throughout the department’s investigation.”



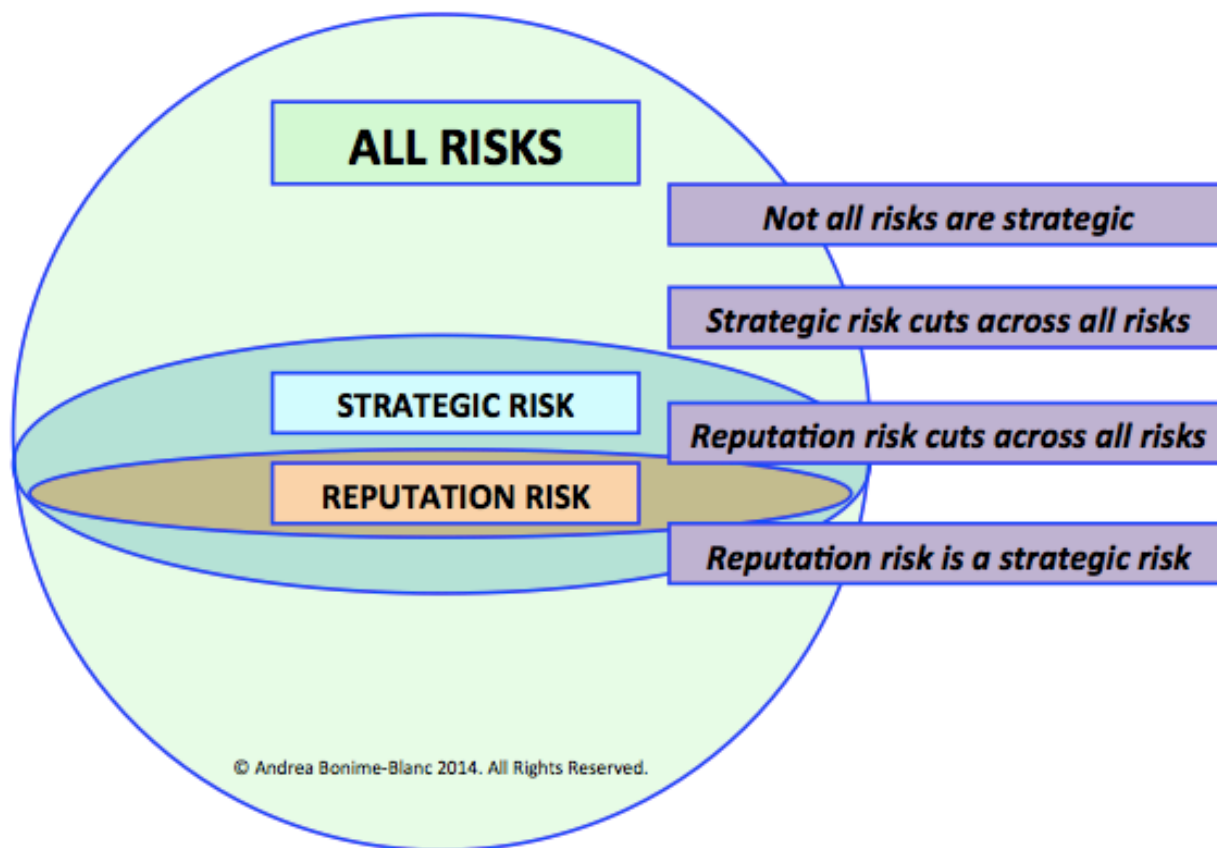
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HOW DOES MANAGEMENT & THE BOARD TACKLE RISK?

**KNOW
YOUR
UNIVERSE
OF RISKS**



SOURCE: Andrea Bonime-Blanc. The Reputation Risk Handbook. Oxford, UK: DŌ Sustainability (2014).



EVOLUTIONARY SPECTRUM OF RISK MANAGEMENT

***KNOW YOUR STAGE OF RISK
MANAGEMENT EVOLUTION***



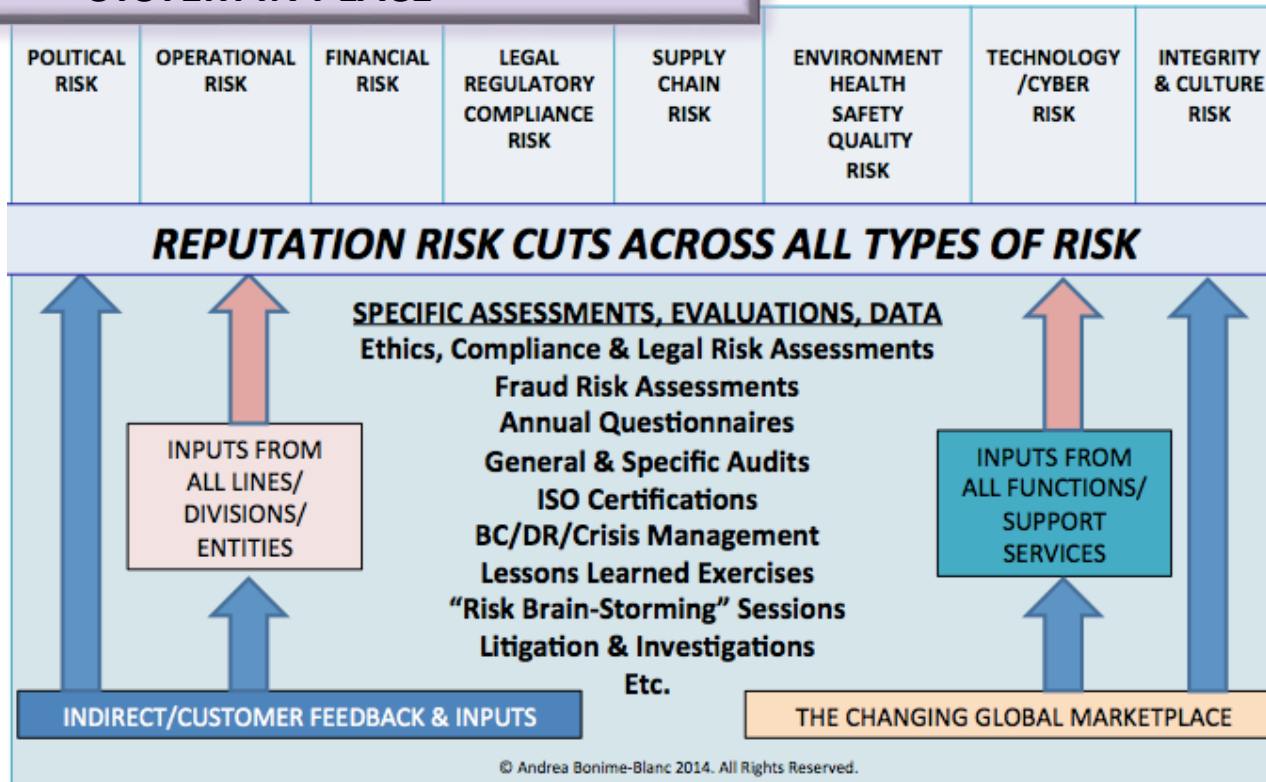
<ul style="list-style-type: none">➤ START-UP➤ PRE-IPO➤ MOM & POP	<ul style="list-style-type: none">➤ START-UP➤ PRE-IPO➤ MOM & POP	<ul style="list-style-type: none">➤ SMALL➤ MID-SIZE➤ PRIVATE	<ul style="list-style-type: none">➤ PUBLIC➤ GLOBAL➤ COMPLEX	<ul style="list-style-type: none">➤ PUBLIC➤ GLOBAL➤ COMPLEX➤ VISIONARY
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SOURCE: Andrea Bonime-Blanc. The Reputation Risk Handbook. Oxford, UK: DŌ Sustainability (2014).



ENTERPRISE RISK MANAGEMENT

**HAVE AN APPROPRIATE & HOLISTIC ERM
SYSTEM IN PLACE**

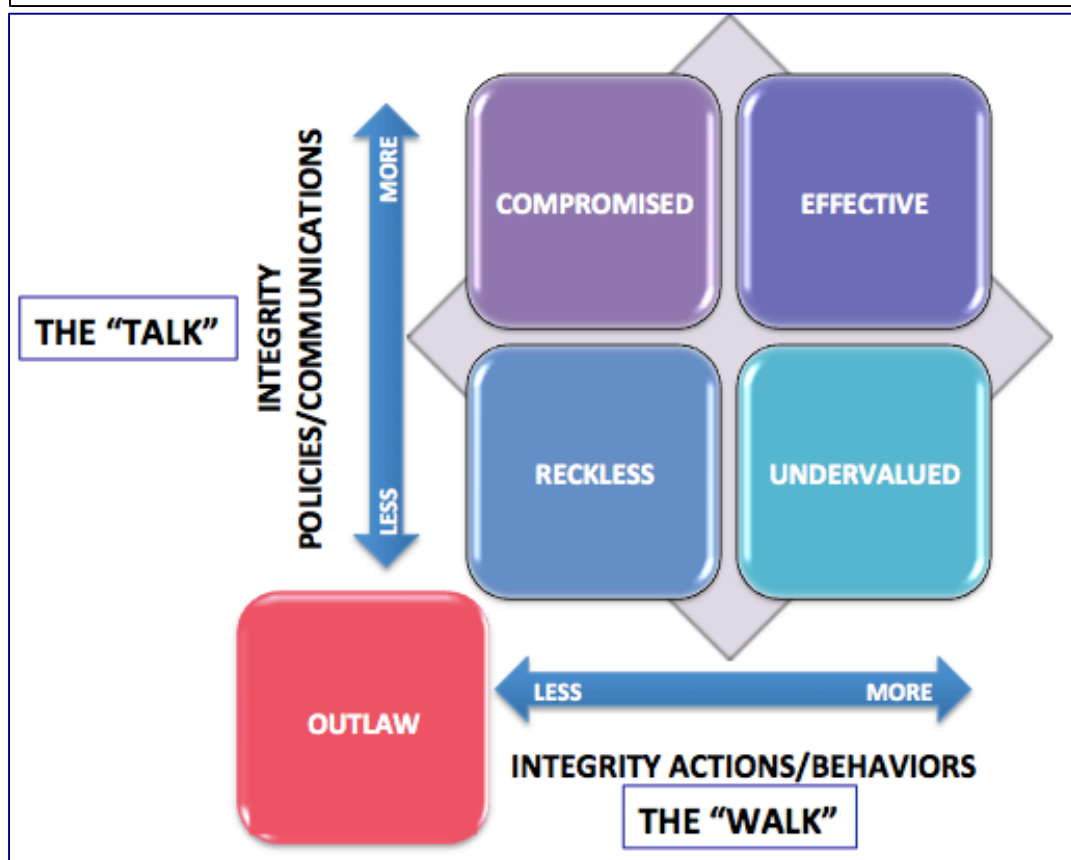


SOURCE: Andrea Bonime-Blanc. *The Reputation Risk Handbook*. Oxford, UK: DŌ Sustainability (2014).



BUILD ORGANIZATIONAL INTEGRITY & RESILIENCE

TYOLOGY OF ORGANIZATIONAL INTEGRITY & RESILIENCE



***BUILD A RESILIENT HIGH
INTEGRITY
ORGANIZATION***

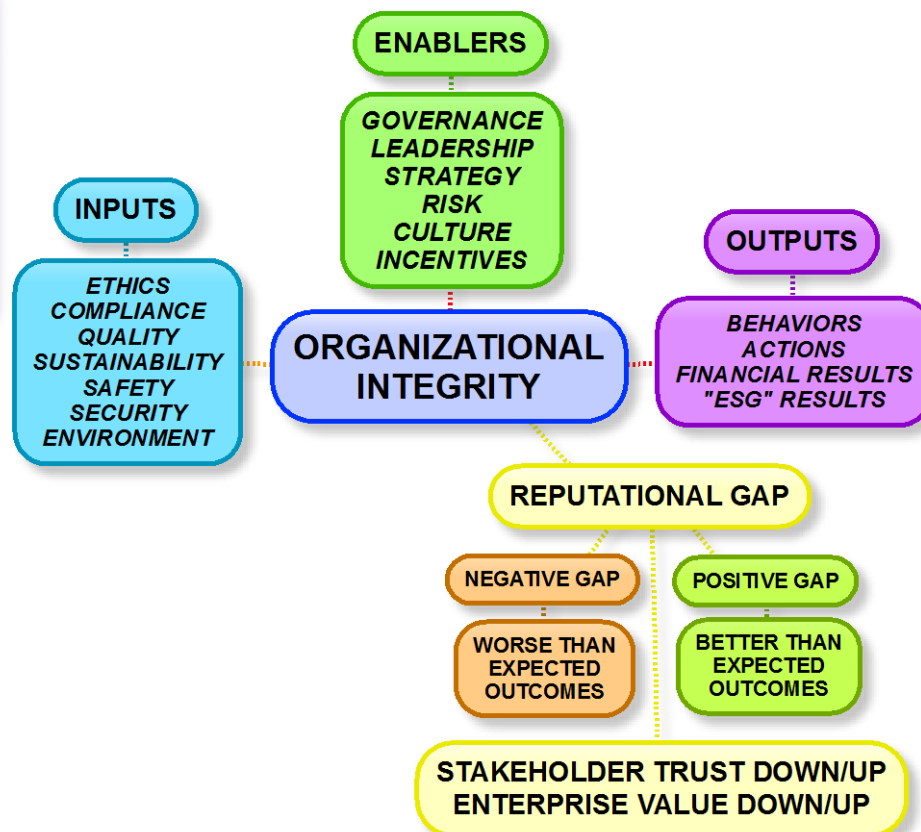
***Achieving
“Effectiveness”
Is about
Organizational
Integrity &
Resilience***

SOURCE: Andrea Bonime-Blanc. *The Reputation Risk Handbook*. Oxford, UK: DŌ Sustainability (2014).



ORGANIZATIONAL RESILIENCE & INTEGRITY

**HOW TO BUILD HIGH
PERFORMANCE
ORGANIZATIONAL
INTEGRITY
& RESILIENCE**



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SOURCE: Andrea Bonime-Blanc. *The Reputation Risk Handbook*. Oxford, UK: DŌ Sustainability (2014).



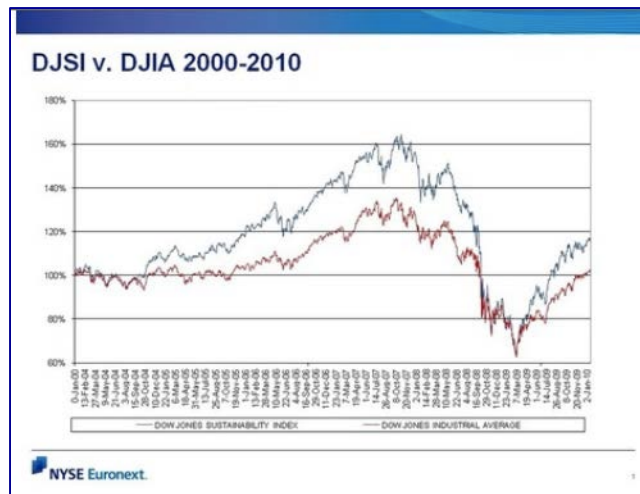
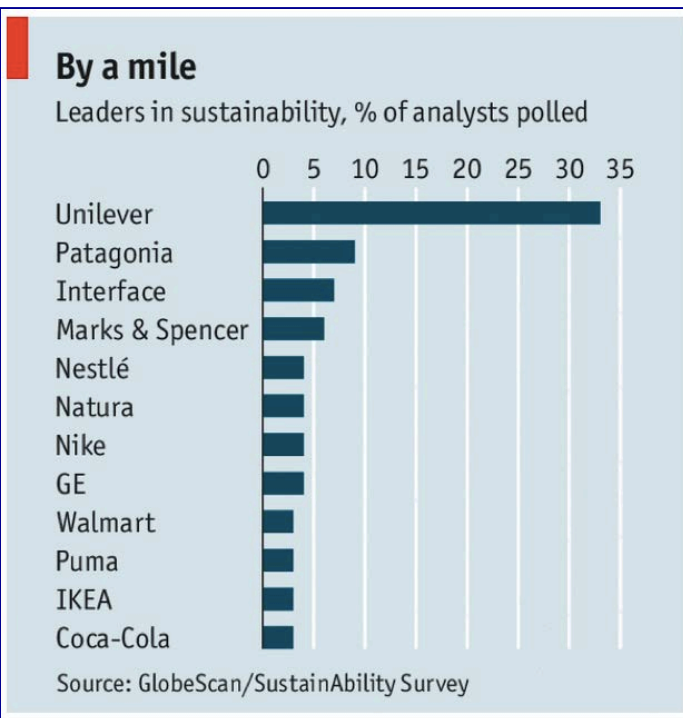
OVERVIEW

- **Global Risk & Reputation Management in the Age of Hyper-Transparency: *Issues, Cases & Scandals***
- **The Emerging Paradigm for Global Risk, Integrity & Reputation Management**
- **Global Risk & Reputation Management Tools and Techniques for Executives & the Board**
- **The Future of Global Risk Management: *Transforming Risk into Value***



THE GLOBALIZATION OF THE UPSIDE I

COMPANIES THAT HAVE SUSTAINABILITY PROGRAMS CAN BE AS PROFITABLE OR MORE SO THAN THOSE THAT DON'T





GLOBALIZATION OF THE UPSIDE II

Harvard & London School of Economics Study

Companies which have voluntarily embraced a sustainable business culture over many years “significantly outperform their counterparts over the long-term, both in terms of stock market and accounting performance.”

OVER AN 18 YEAR PERIOD	1993	BY 2010, SUSTAINABLE COMPANIES MADE:	BY 2010, LOW/NO SUSTAINABILITY COMPANIES MADE:
INVESTMENT	\$1	\$22.6	\$15.4
RETURN ON EQUITY	\$1	\$31.7	\$25.7
RETURN ON ASSETS	\$1	\$7.1	\$4.4

Source: The Impact of a Corporate Culture of Sustainability on Corporate Behavior and Performance. Eccles, Ioannou & Serafeim.



GLOBALIZATION OF THE UPSIDE III

COMPANIES WITH DISTINGUISHED E&C PROGRAMS ARE GAINING A COMPETITIVE ADVANTAGE OVER THOSE THAT DON'T

2014 | **WORLD'S MOST
ETHICAL
COMPANIES**

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FOOD,





TRANSFORMING RISK INTO VALUE: AN EXAMPLE FROM YOUR INDUSTRY



FONTERRA'S REPUTATION RISK:

- Associated with Sanlu, Chinese supply chain contractor who went out of business because of melamine tainted baby formula

FONTERRA'S STRATEGY:

- Took control as direct investor
- Eliminated 3d Parties
- Expanded Health & Safety

FONTERRA'S RESULTS:

- Grew market share
- Protected & improved its reputation
- Improved crisis management



TRANSFORMING RISK INTO VALUE: GOOD LEADERSHIP/CULTURE IS THE ULTIMATE SECRET WEAPON



November 26, 2008

<http://www.youtube.com/watch?v=vQGz1YRqBPw>





THANK YOU!

Questions/Comments?

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