

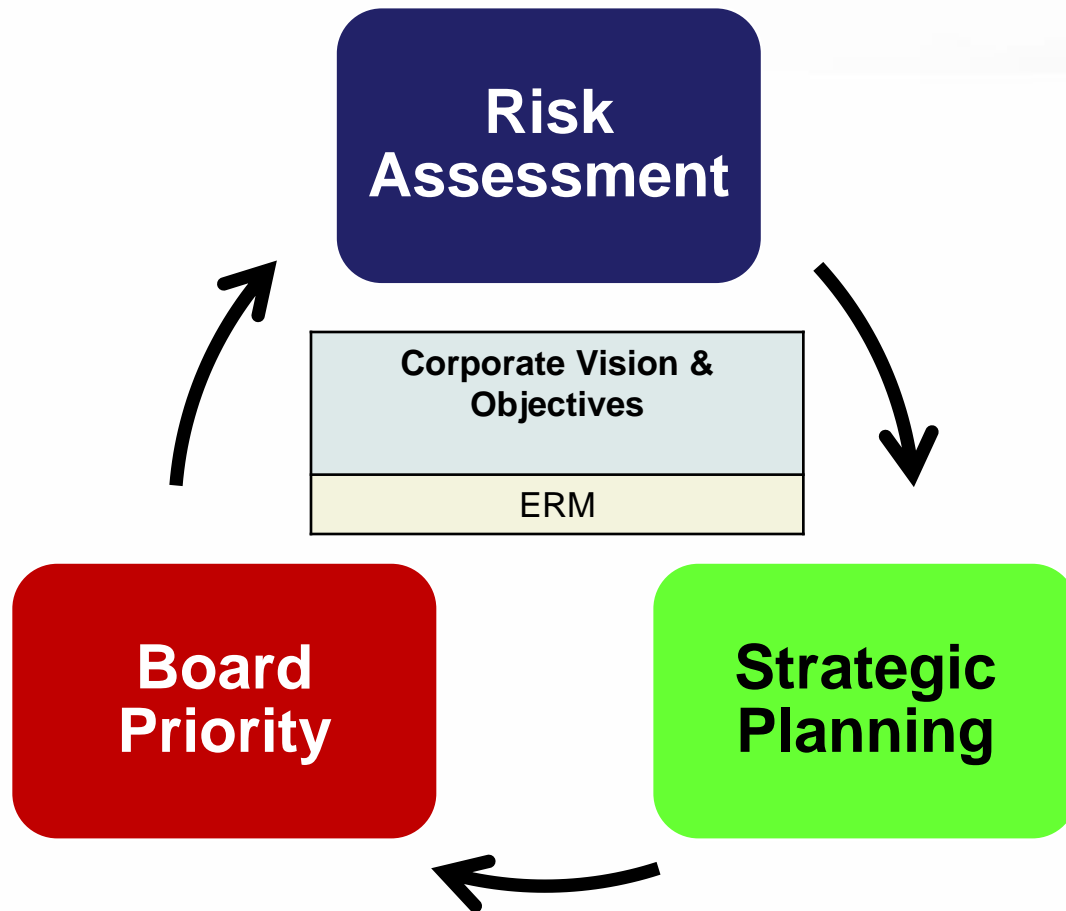


Aligning ERM, Strategic Planning and Board Priority

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28 July 2016

Aligning ERM, Strategic Planning and Board Priority: Overview



Risk Outlook in Malaysia

1. Cyber security threats
2. Shortage of foreign labour (Refugee/ Migrant crisis)
3. Bribery and corruption
4. Uncertainty of oil price
5. Fluctuation in foreign currency
6. Introduction of TPPA (change of import & export laws & regulations)
7. Emergence of new technology / E-commerce
8. Climate change (affect agricultural)
9. Effect of Slowdown in China
10. Brain drain (talent loss – migration to foreign countries)

Cyber Security – Local Context



- One of the top ten countries that are vulnerable to cyber attack
- 65 percent of organisations in Malaysia face risks of cyber attacks
- Government sectors are the most vulnerable targets, followed by the telecommunications and financial sectors
- CyberSecurity Malaysia received more than 10k reports and cases regarding to cyber attacks and crimes every year
- Prime targets are official government websites
- The best defense is offence

Round Table Discussion Securing Critical Systems
For The Protection of National Digital Assets
at the Faculty of Information Science and Technology (FTSM)

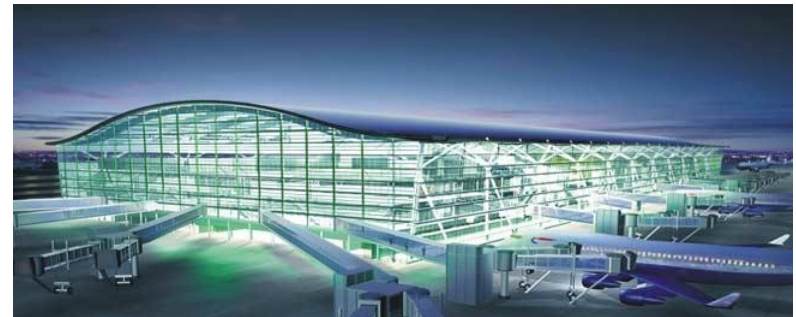
Recognising Risk and Being Prepared

1. Being Prepared: Millennium Bug - Y2K; Turkey failed coup
2. Not Being Prepared: 9/11 in US
3. Lack of Preparation: Brexit - No strategy if voted for out
4. Being Complacent: Blackberry/Kodak/Nokia

What you should do vs. what could you do?

Case Study 1: Heathrow Terminal 5

- ❑ **UK:** The £4.3bn Heathrow T5 project has been acknowledged as most successful UK construction where it had been completed on time and within budget at minimal human cost of fatalities, compare with a similar project size.



- ❑ Success factors:

- 1) innovative project management practices that focused on collaboration through emphasis on integrated teams;*
- 2) early risk management to anticipate, manage and reduce risks associated with the project; and*
- 3) stakeholder engagement and effective communication.*

Case Study 2: SP Setia

- ❑ A role model for many developers – the small-to mid-sized developer in the 1990s has morphed as Malaysia's largest, best-managed and most aggressive developer today.
- ❑ The only developer to have made a successful transition in its geographical diversification from within to other parts of Asia, Australia and Europe.
- ❑ The first developer to extend the warranty period from the typical 12 months after completion to 36 months - provided home buyers a sense of comfort where the quality of the homes will be guaranteed for a longer period.
- ❑ Global financial crisis: The first developer to introduce the 5/95 financing plan which enabled house buyers to put down only 5% of the cost on signing the sales and purchase agreement, with no interest payments during construction. The remaining 95% was paid on completion.

Builder of Distinction
Setia
S P SETIA BHD GROUP

Case Study 3: The Big Dig – Boston, US

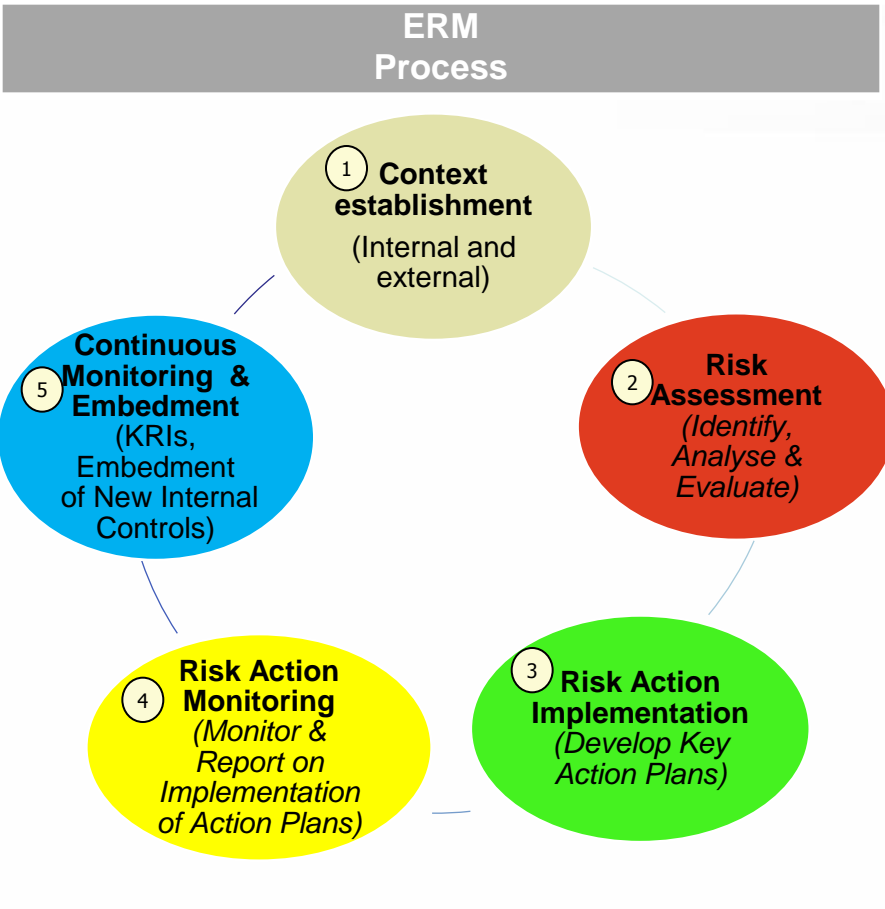


- ❑ The Central Artery/Tunnel Project (CA/T) or the Big Dig, was the largest, most complex, and most technically challenging highway project in American history.
- ❑ Initial project cost estimated at US\$2.8 billion and scheduled to be completed in 1998 however the project was only completed in 2007 at a cost of over US\$14.6 billion (cost overrun by 5 times).
- ❑ Reasons for cost escalation: ineffective integration among various project teams, inflation, failure to assess unknown sub-surface conditions, environmental and mitigation costs (mitigation alone required 1,500 unanticipated, separate agreements), expanded scope, hubris (ego among contractors and project experts).
- ❑ Consequences: escalating costs, scheduling overruns, leaks, design flaws, charges of poor execution and use of substandard materials, criminal arrest and casualties.

Enhancing Your Enterprise Risk Management (ERM) Framework

Enterprise Risk Management Framework

ERM Infrastructure
Vision/Mission/Goals
Governance Structure
Board/Management Mandate
ERM Policies
ERM Reporting Structure/Frequency
ERM Roles & Responsibilities
Risk Parameters
ERM Procedures (ISO 31000: 2009)
Automation



ERM Integration
Strategic Planning
Business Planning (Budgeting)
Policy Development
Investments / Joint Ventures
Decision Making
Operational Processes
Performance Management
Incidences Data Analysis
Internal Audit

Communication Awareness/Training Continuous Improvement Change Management

What's New?

- Inclusion in the Annual report a statement containing the management discussion which include any **identified anticipated or known risks** that the group is exposed to which may have a material effect on the group's operations, performance, financial condition, and liquidity together with a discussion of the plans or strategies to mitigate such risks
- The board establishes a board level committee which is responsible for overseeing the Company's Risk Management framework and policies
- *The company adopts the elements embodied in internationally recognised risk management standards or frameworks: (reference made to ISO31000-2009)*

Questions & Comments



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