

Integrating Risk Management and Business Continuity Management

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Agenda

- Are Risk Management and Business Continuity separate processes or can they be integrated ?
- How does one benefit the other
- How does an integrated approach to risk and business continuity enable stronger organizational resilience ?

The LNG Value Chain



Production



Liquefaction



Storage and Loading

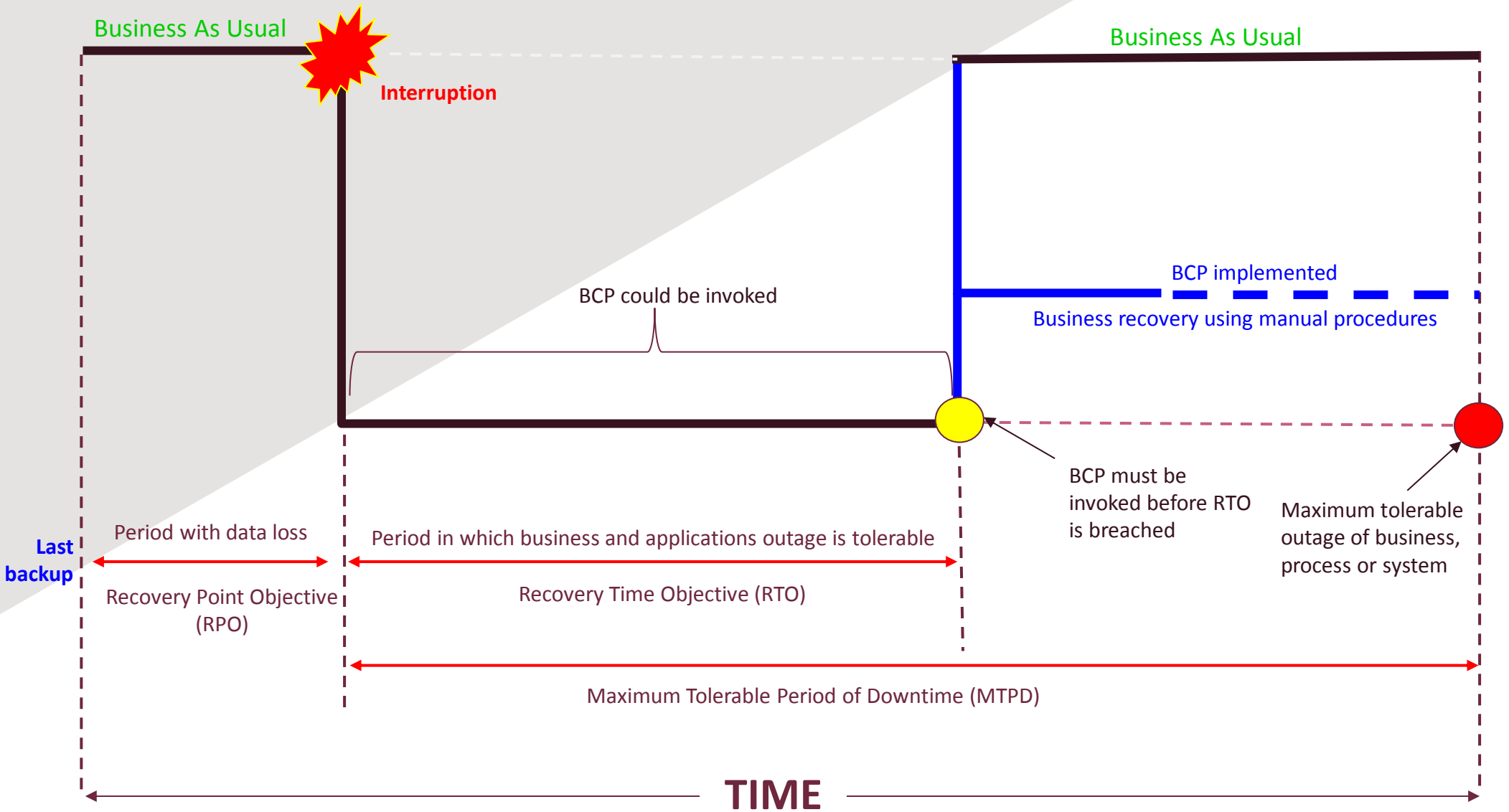


Shipping

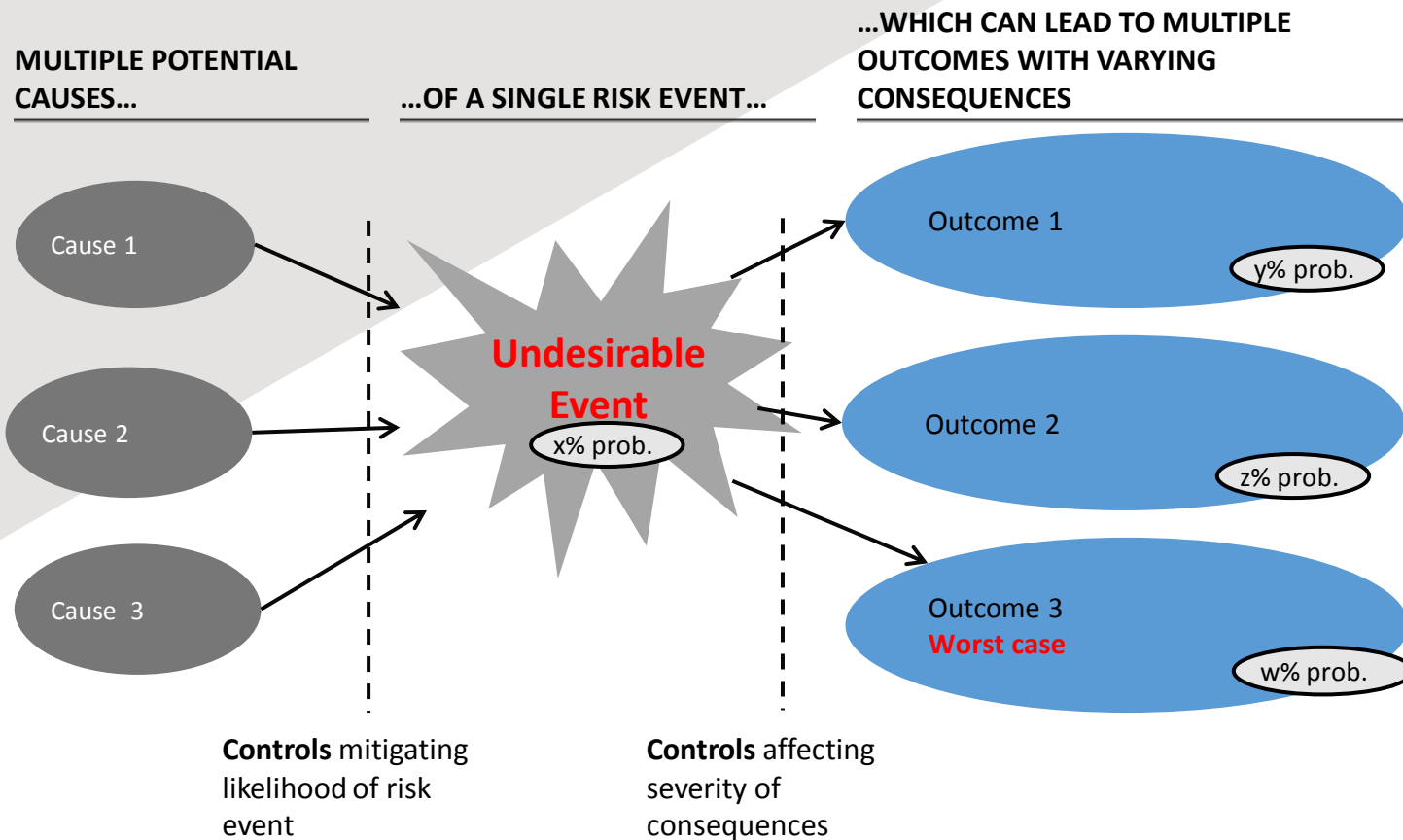


Receiving Terminals

Business Continuity Timeline and Definitions



Cause & Consequence Management



Scope of Business Continuity

For BCM scenarios ...
...assume 100% probability

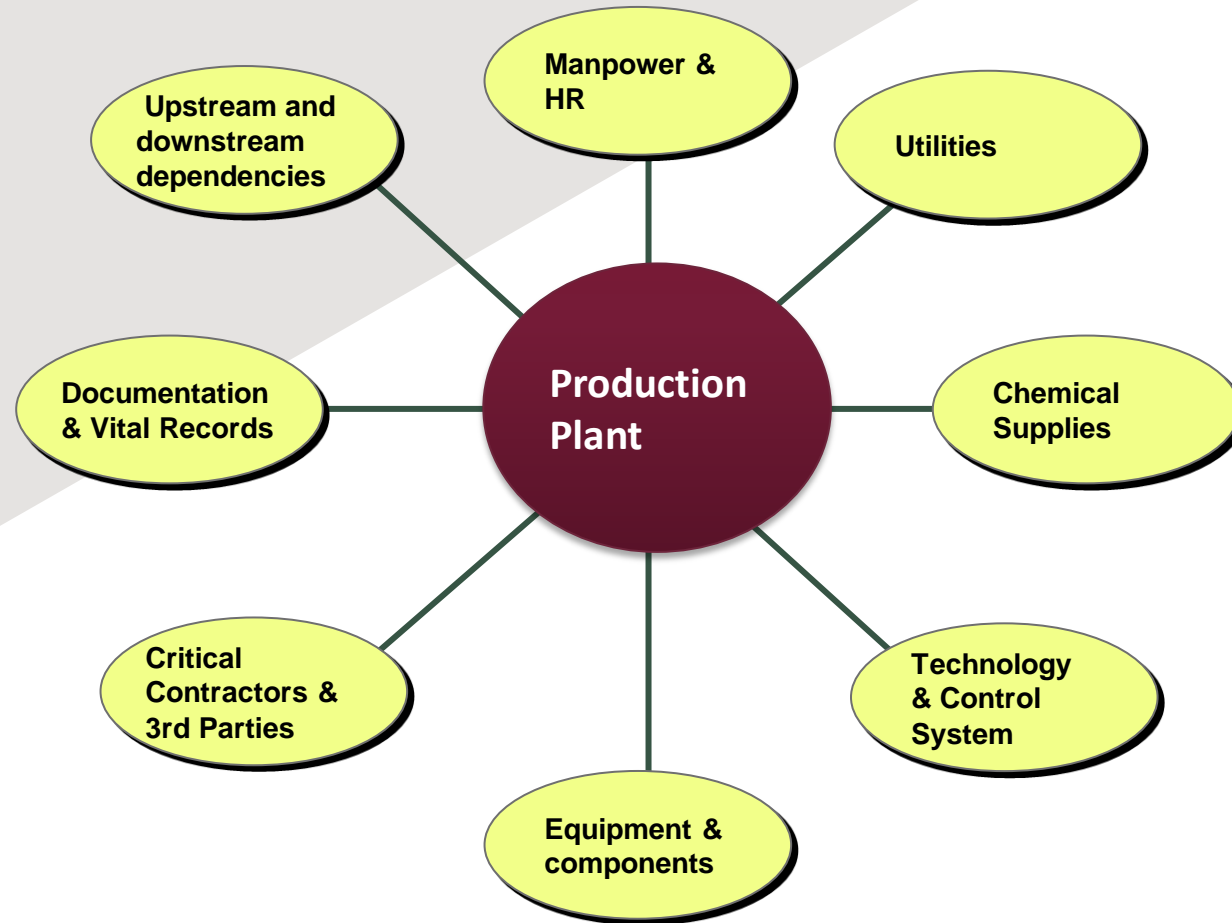
		Likelihood				
		A	B	C	D	E
Consequence	5	X risk2		X risk4		
	4		X risk1			
	3				X risk3	
	2					
	1					

Some key observations ...

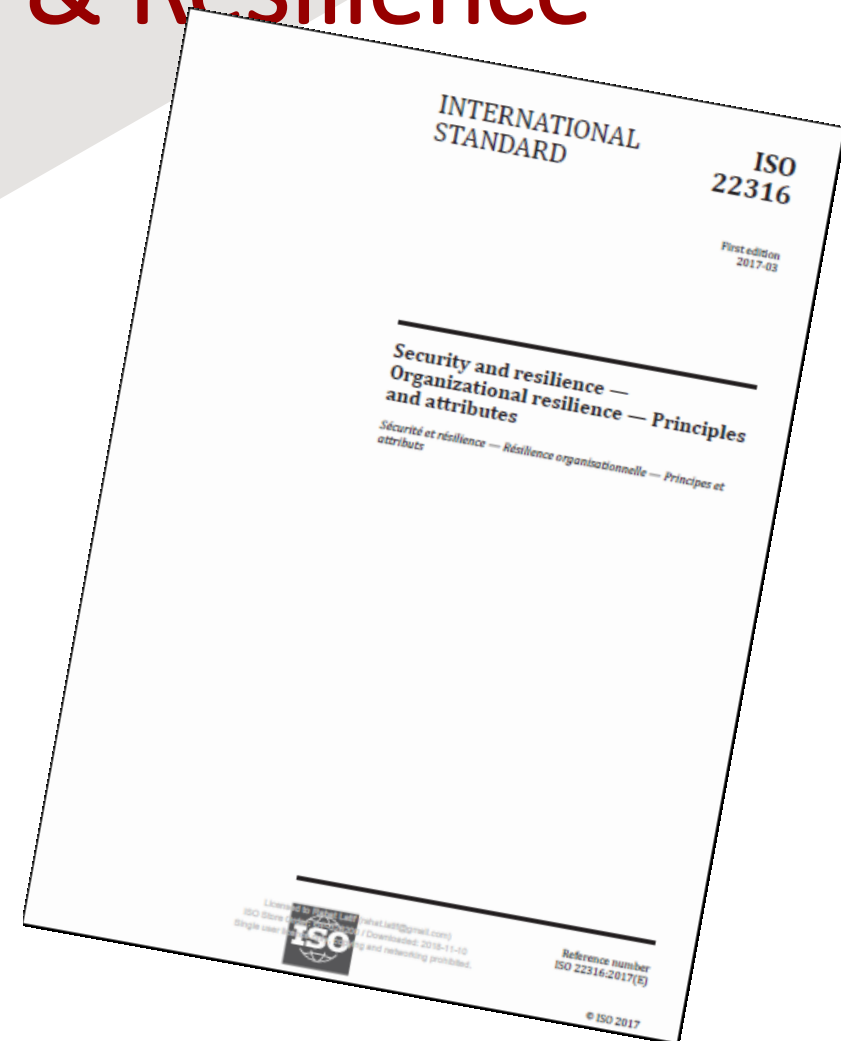
- From a BCM perspective:
 - - all high impact risks are important regardless of probability
 - - key is in the comprehensive identification of credible undesirable events
 - this can be undertaken separately as part of ERM, as part of BCM process or both (preferably)
 - comprehensive what-if scenarios covering loss of buildings/facilities, IT, equipment/technology, supply chain/partners
- Thinking this way can often generate new risk scenarios you hadn't identified as part of ERM
- Don't forget A5 risks – tendency to overlook infinitesimally small likelihood, high impact events
- Develop and regularly test post event controls today that minimize impact
 - Examples : sprinkler systems .. critical component/equipment spares inventory
 - How do you know they will work when required ?
- Exercising business continuity scenarios in silo's – key assumptions and dependencies
- Where redundancy is not available, risk minimisation (reducing likelihood) is ever more important, including assessment of interdependencies ... (see example next slide)

Production enablers (example)

Here a lot more effort goes
Into what could cause a loss in
any of the enablers and its impact



Convergence of Risk & Resilience



10 indicators of a healthy risk culture

(Risk Culture – The institute of Risk Management, 2012)

- Distinct and consistent tone from the top
- Commitment to ethical principles
- Common acceptance of the importance of continuous management of risk
- Transparent and timely risk information flowing up and down
- Encouragement of risk event reporting and whistle blowing, actively seeking to learn
- No process or activity too large or too complex or too obscure
- Appropriate risk taking behaviours rewarded and encouraged and inappropriate behaviours challenged and sanctioned
- Risk management skills and knowledge valued, encouraged and developed,
- Sufficient diversity of perspectives, values and beliefs to ensure that the status quo is consistently and rigorously challenged
- Alignment with employee engagement and people strategy

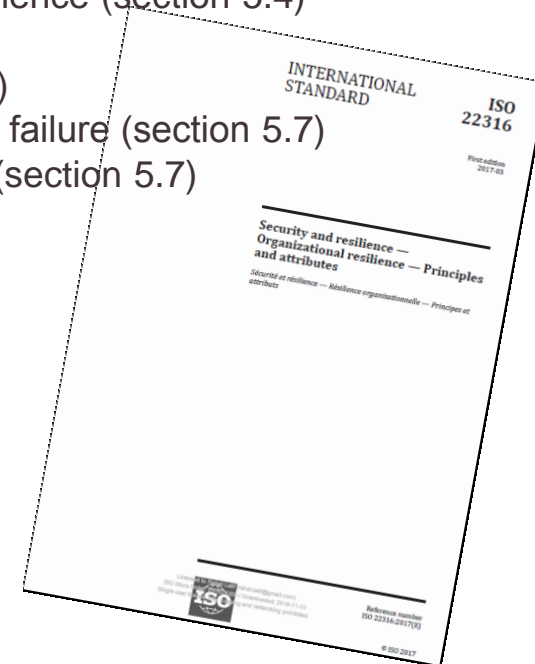


Risk Management and Resilience

Effective risk management is one of the central pillars of a resilient organization.

Some of the risk management related attributes of a resilient organization highlighted in ISO 22316 (Security and Resilience – Organisational resilience) include :

- Effectively managing risk (section 4.1)
- Trusted/respected leaders who act with integrity and have a sustained focus on resilience (section 5.4)
- Sharing lessons learnt about success and failure (section 5.4)
- Empower people to identify and communicate threats and opportunities (section 5.5)
- Take appropriate decisions on...replication and redundancy to avoid single points of failure (section 5.7)
- Select and develop employees with a diverse set of skills, knowledge and behavior (section 5.7)
- Managing the effect of uncertainty on objectives (section 5.8)
- A culture of continuous improvement (section 5.9)



Conclusions

- Risk Management and Business Continuity are often treated separately, and often by different organizational functions – this can work as long as their interrelationships and interdependencies are recognized and accommodated
- A common perception is that risk management is proactive and business continuity reactive. However reality is that an effective business continuity response is highly dependent upon being proactive about preparation (effective post event controls, robust workarounds, exercising and lessons learnt etc)
- A highly resilient organization has, amongst other disciplines, effective and adequately resourced Risk Management and Business Continuity processes