

STRATEGIC RISK MANAGEMENT IN TIMES OF CRISIS

Both the global pandemic and the current crisis in the Ukraine have presented an unwelcome reminder to business of the importance of strategic risk management. Both very different risks; both having immediate and dire impact on lives and livelihoods.

Yet how many businesses had a global pandemic on their risk register? How many had closure of their Russia operation?

Strategic risk management isn't a paper exercise with risk registers filed away and forgotten about. It's about real-time conversations across your business. It's also about looking to the horizon, therefore being able to head-off risk before it materialises. Or being ready with practical solutions when it does.

In the face of the current Ukraine crisis, how can businesses take decisive action?

Your approach should include considering:



NEW BUSINESS OPPORTUNITIES AND BIDDING

- Review your existing client base thoroughly and understand who the ultimate owner is
- Undertake due diligence on clients and stakeholders as part of your bidding process
- Scrutinise the integrity of the ultimate parent company
- Understand the management structure of project partners
- Check whether any entity or individual with whom you engage features on a current sanctions list
- Russia may currently be singled out but be mindful of other countries, organisations and people drawn into sanctions regimes.

FINANCE AND BANKING

- Talk to your bank about any specific requirements, remembering that your bank is unlikely to be able to process payments to or from sanctioned entities
- Maintain awareness of any entities potentially falling under the umbrella of the multiple sanctions in place
- Demonstrate to your bank that you have effective systems and processes in place to manage the risk.



STRATEGIC RISK MANAGEMENT IN TIMES OF CRISIS**CONTRACTS**

- Your legal team can offer advice on any special provisions which may be required in contracts to address the impacts of sanctions
- Seek advice on how sanctions relate to your current operations and how your contractual entitlements and obligations could be impacted
- Consider what measures are necessary to minimise the impact on project performance
- Take care when agreeing to provide (or receive) parent company guarantees or bonds as these could be impacted by sanctions.

INSURANCE

- Revisit your insurance policies in light of sanctions
- Payment out by an insurer against a claim may be inhibited were it considered unlawful under a sanctions regime
- Read the fine print which will be highly relevant when seeking to make claims
- Get a clear understanding of your position both at renewal stage and during the lifetime of the policy as the situation evolves.

**CYBER SECURITY**

- Cyber warfare is a strategic weapon during times of crisis
- Review your cyber security arrangements and respond to any legal requirements to put in place special measures to help secure your infrastructure
- Remind your staff of the importance of being vigilant.

CHECKS AND BALANCES

- Checks and balances are key to ensuring risk is being discussed and addressed across the business
- Ensure systems capture outcomes and decisions are recorded following risk reviews
- Regularly share information and report on progress
- Whether business owner or employee, seek assurance that the right risks are being considered and managed.

