

Risk function of the future in the mining sector

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One thing is certain, the world is changing. Risk functions will need to adapt to remain relevant and add value. The question is what is the risk function of the future going to look like for the mining sector?

At KPMG we believe that the mining risk function of the future is about creating value. It interfaces risk language and consideration of risk into every part of the business such that:

- every manager is a risk manager, it's just what they do as part of their job rather than something thought of periodically to populate a heat map;
- only risks outside of appetite (and trending towards appetite) are reported separately;
- risk is a natural consideration in decision making and reporting.

The world is changing and with it the approach to mining. We believe risk structures need to evolve for the reasons below:



Process Automation

Risk is not automating processes and is lagging in the adoption of technology solutions.



Evolving Capabilities

Risk will need Risk Leaders with adaptable capability sets rather than a pure focus on Health and Safety.



Regulatory Intensity

Advanced data analysis will need to be a core component of risk management and monitoring.



Performance Pressures

Different ways of working need to be adopted to reduce the large cost base. There is a current imbalance between risk activity and value.



Customer and Community Demands

The current understanding between Risk and the business is not mature enough to meet future customer and community demands / needs.

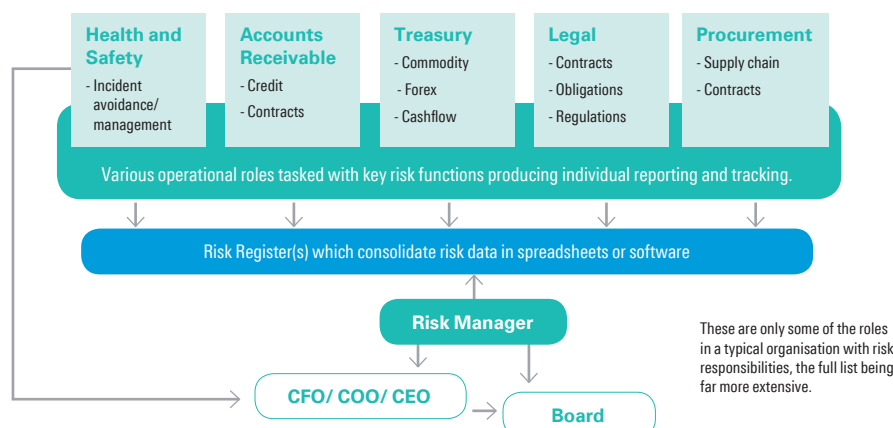


Risk connectivity

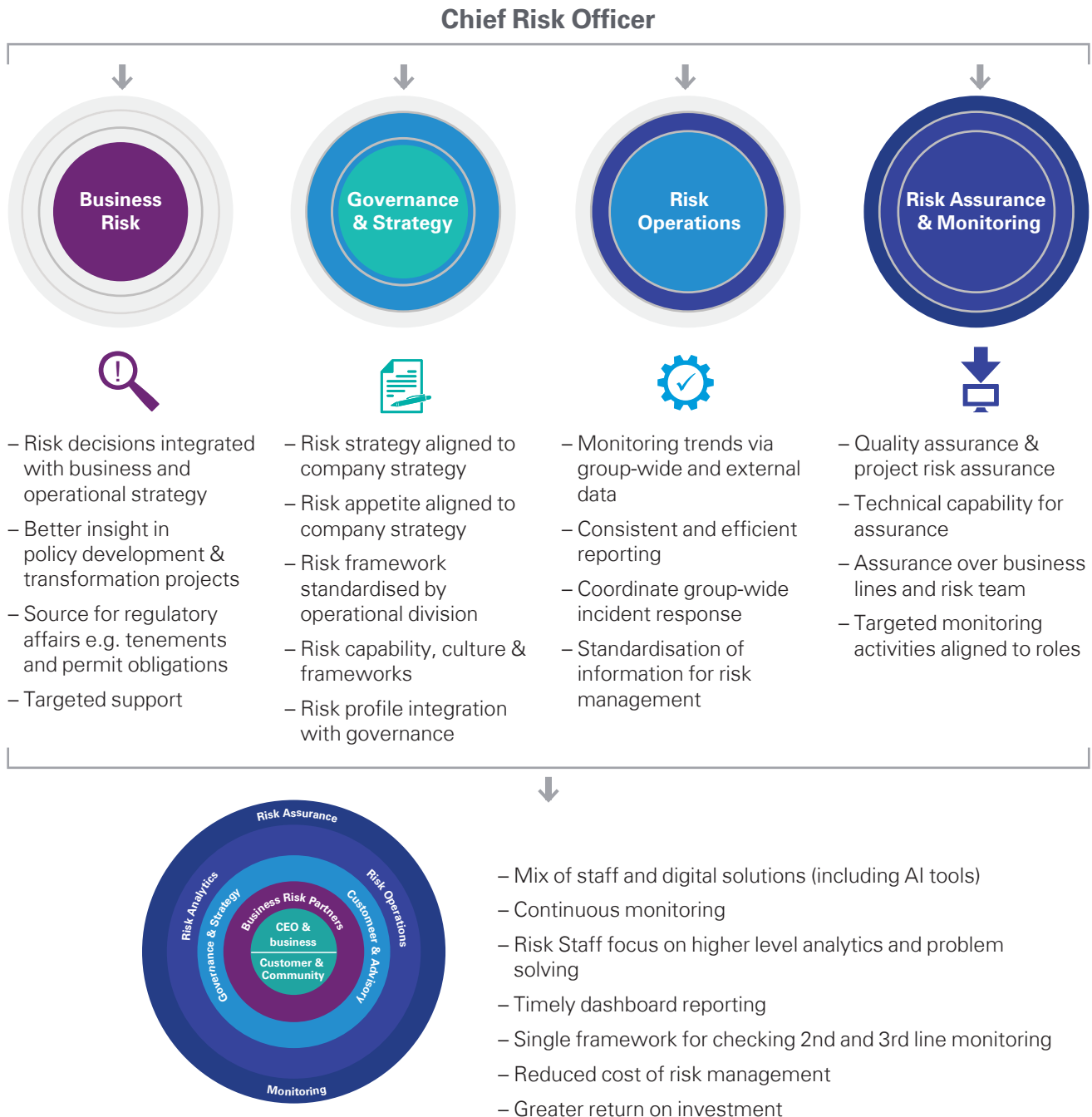
Risks seldom happen in isolation. Greater integration is needed to understand triggers and connections as well as true aggregation.

Traditional Risk Structure

The traditional functional focus can result in a piecemeal, rather than integrated, approach to risk management which is not just inefficient but also decreases effectiveness as connections between risk profiles are harder to understand and manage. Ultimately the risk manager role ends up being administrative rather than strategic and is seldom in the C suite.



The mining risk function of the future will be integrated throughout the business and led by a C Suite Risk professional, the Chief Risk Officer



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