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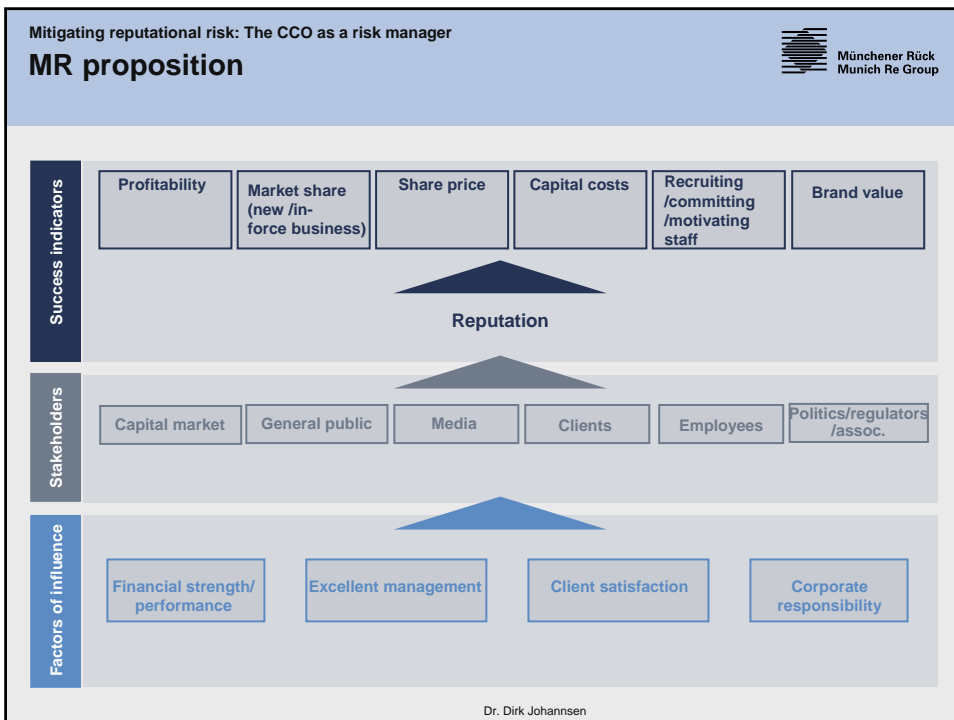
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# Mitigating Reputational Risk: The CCO as a Risk Manager

Dirk Johannsen



Mitigating reputational risk: The CCO as a risk manager



## MR proposition

- Reputation is an expectation/forecast of future behaviour
- A positive reputation acts as a value driver among the main stakeholders, i.e. the capital markets, clients, staff and the general public
- The relevant stakeholders' expectations of companies are determinable
- A company's reputation is influenced by a variety of factors: financial strength, excellent management, customer satisfaction and entrepreneurial responsibility
- The risk consists in not meeting stakeholders' expectations, possibly as a result of a specific event

Dr. Dirk Johannsen

Mitigating reputational risk: The CCO as risk manager

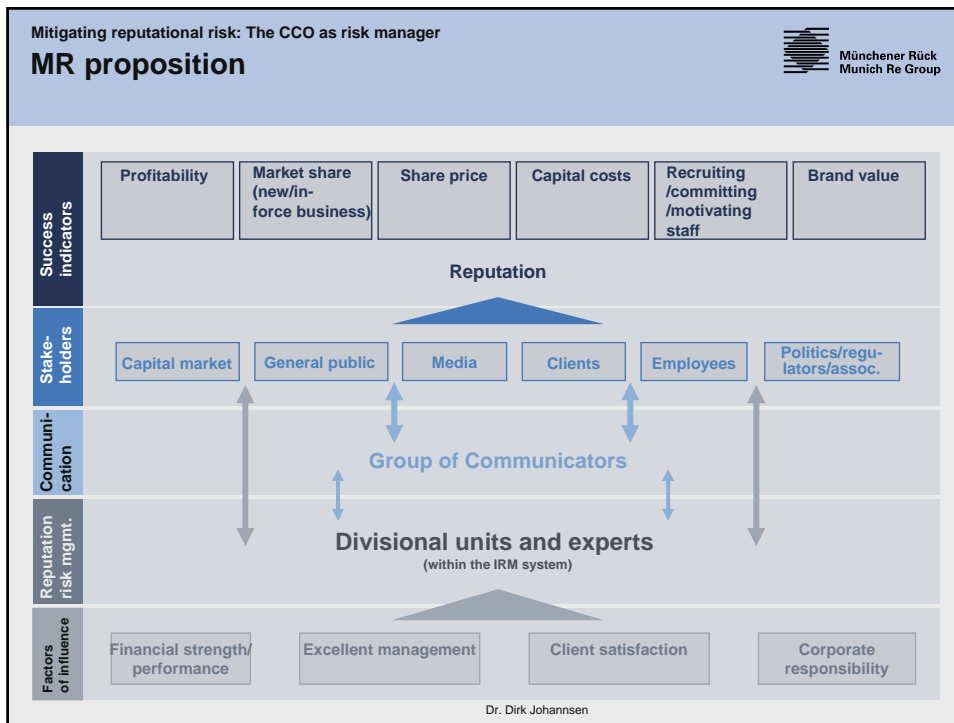


## Reputational risks

### Factors influencing reputation

Reputation factor	Reputational risk	Impact (examples)
Performance	Perception as an economically less/not successful company	The business model is called into question; doubts arise as to the quality of management; capital costs increase
Management/steering	Perception as a company that cannot estimate losses accurately or relies on the wrong risk models	Doubts arise as to the quality of risk management
	Perception as a company that does not understand its business	MR's core competences in risk management and asset management are called into question
Customer satisfaction	Perception as a company that does not know/ignores customer demands	Negative impact on customer relations; diminishing loyalty, migration of clients
	Perception as a company that does not give consideration to its responsibility towards society	Public pressure on company, denial of "license to (co-) operate"; bad rating on SRI market
Responsibility	Perception as a company that violates laws and rules	Diminishing influence in public discussions, setting/enforcing of standards; severe controls

Dr. Dirk Johannsen



- Mitigating reputational risk: The CCO as risk manager
- Responsibilities and processes**
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- Identifying and managing reputational risks is an integral part of integrated risk management.
  - Risk management responsibility includes the provision of appropriate tools and models
  - Processes: risk assessment; risk report; wild cards etc.
  - The Group of Communicators'/the CCO responsibility encompasses identification, evaluation, consultation, managing of reputational risks
  - In day-to-day communication, responsibility lies with the specialists/executives
  - Future: risk-and-opportunity-attitude; incite efficient risk management
- Dr. Dirk Johannsen
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