

Facing up to operational and security challenges in Central and Eastern Europe



Control Risks
Sorana Pârvulescu and William Hopkirk
5 November 2009
Warsaw, Poland

Control Risks

- Providing advice and services that enable companies, governments and international organisations to seize opportunities and manage strategic and operational risks.
 - Engagements with 5,000+ companies in 130+ countries
 - 800+ full-time staff
 - 27 offices in 21 countries
 - Approx 40% of staff own 83% of the company

Control Risks' office locations

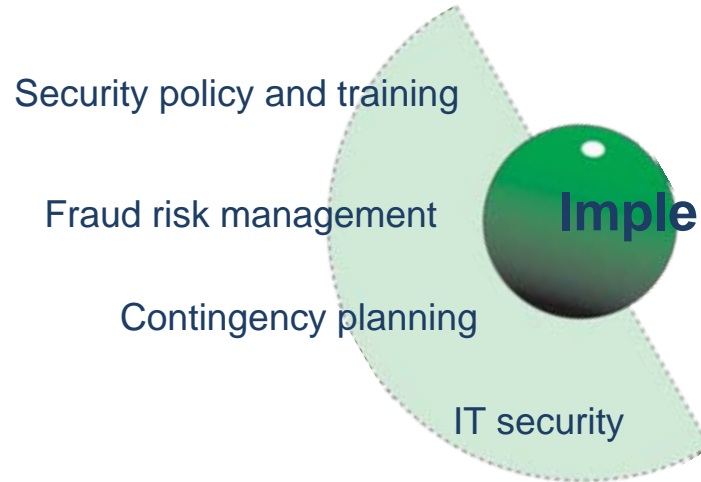


Service areas

Planning



Implementing



Managing



Solving



Agenda

Countries in focus:

Central Europe, Balkans, Eastern Europe

Topics in focus:

Country risk

What it is and why it matters

Operational and security aspects

Case studies

Mitigation strategies

The basic menu of risks



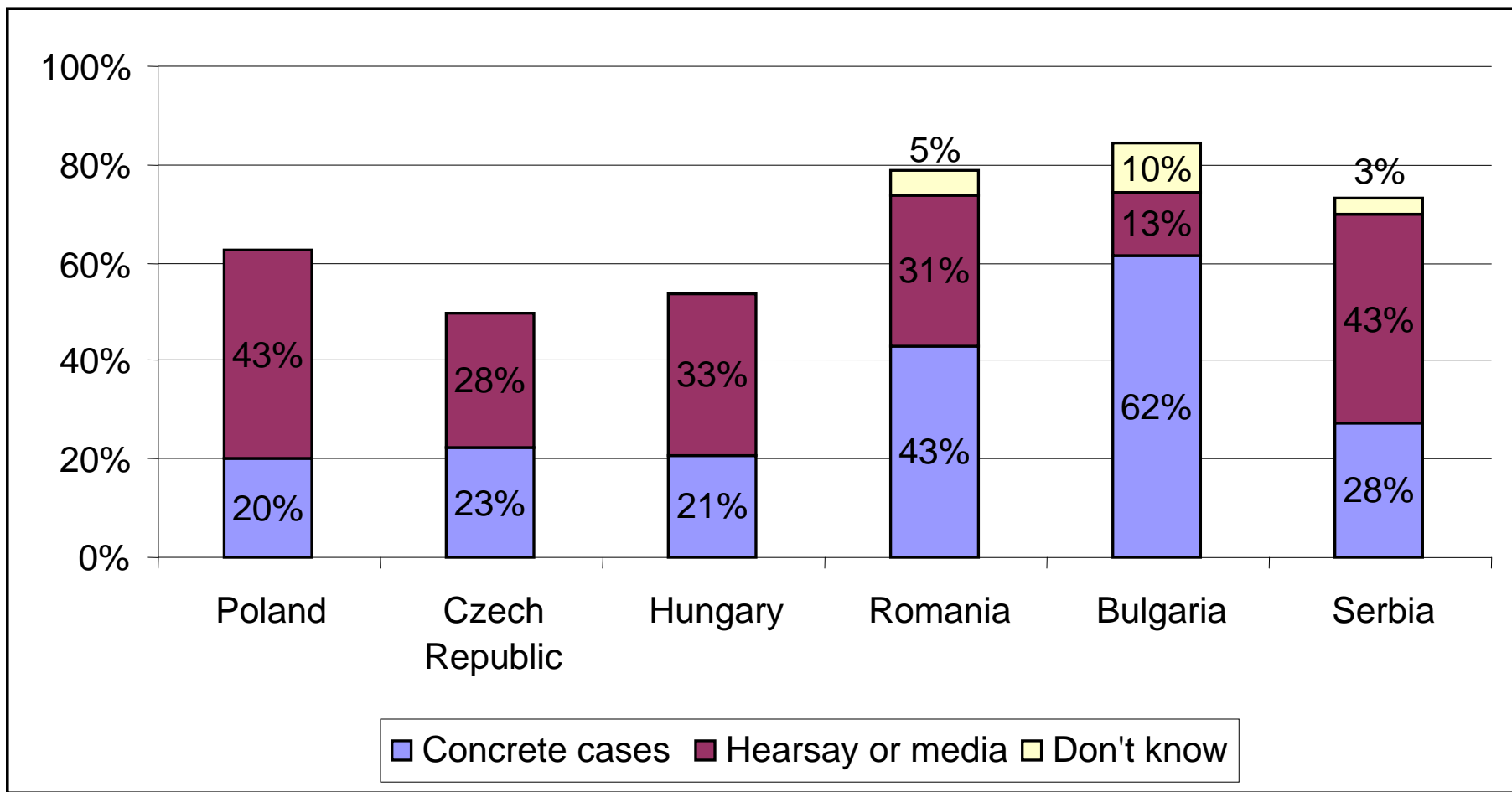
What is country risk?

Political risks	Regulatory uncertainty Government instability Weak institutions Nationalisation/expropriation Government intervention in the economy
Economic risks	Debt default Currency depreciation/ inflation Fiscal policy
Operational risks	Infrastructure Corruption and state capture Reputational issues Labour force Corporate governance standards Rule of law and effectiveness of judiciary Red tape
Security risks	General crime Organised crime Terrorism Political violence and unrest

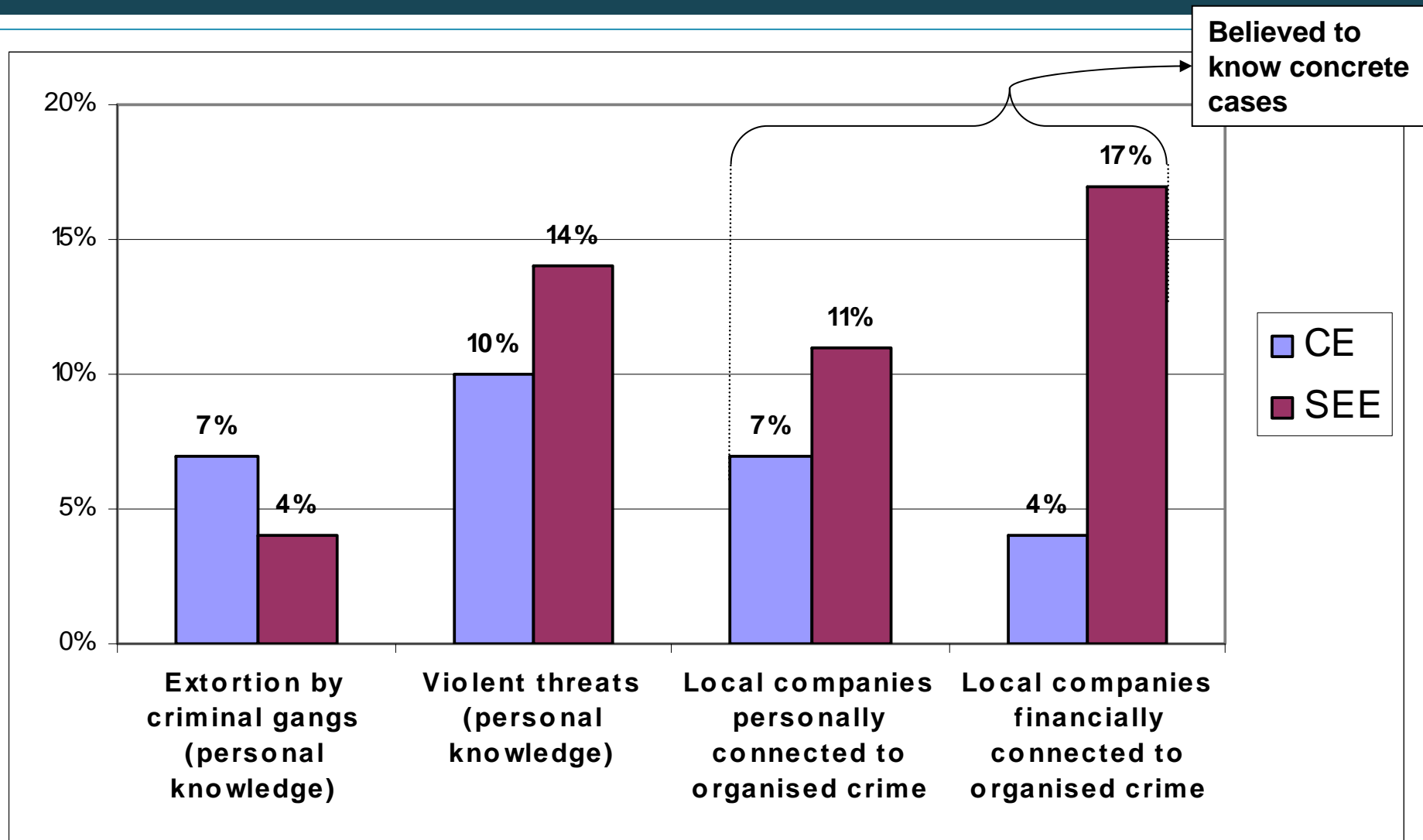
Case studies

- **Corruption and state capture**
Local barons in Bulgaria, Romania
- **Reputational risks**
Blood-on-the hands factor – Serbia
- **Corporate governance standards**
Opaque ownership structure
Skeletons in the closet – Slovakia
- **Organised/economic crime**
Mafia venture partners - Bulgaria

Experiencing corruption



Persistent high risks of organised crime

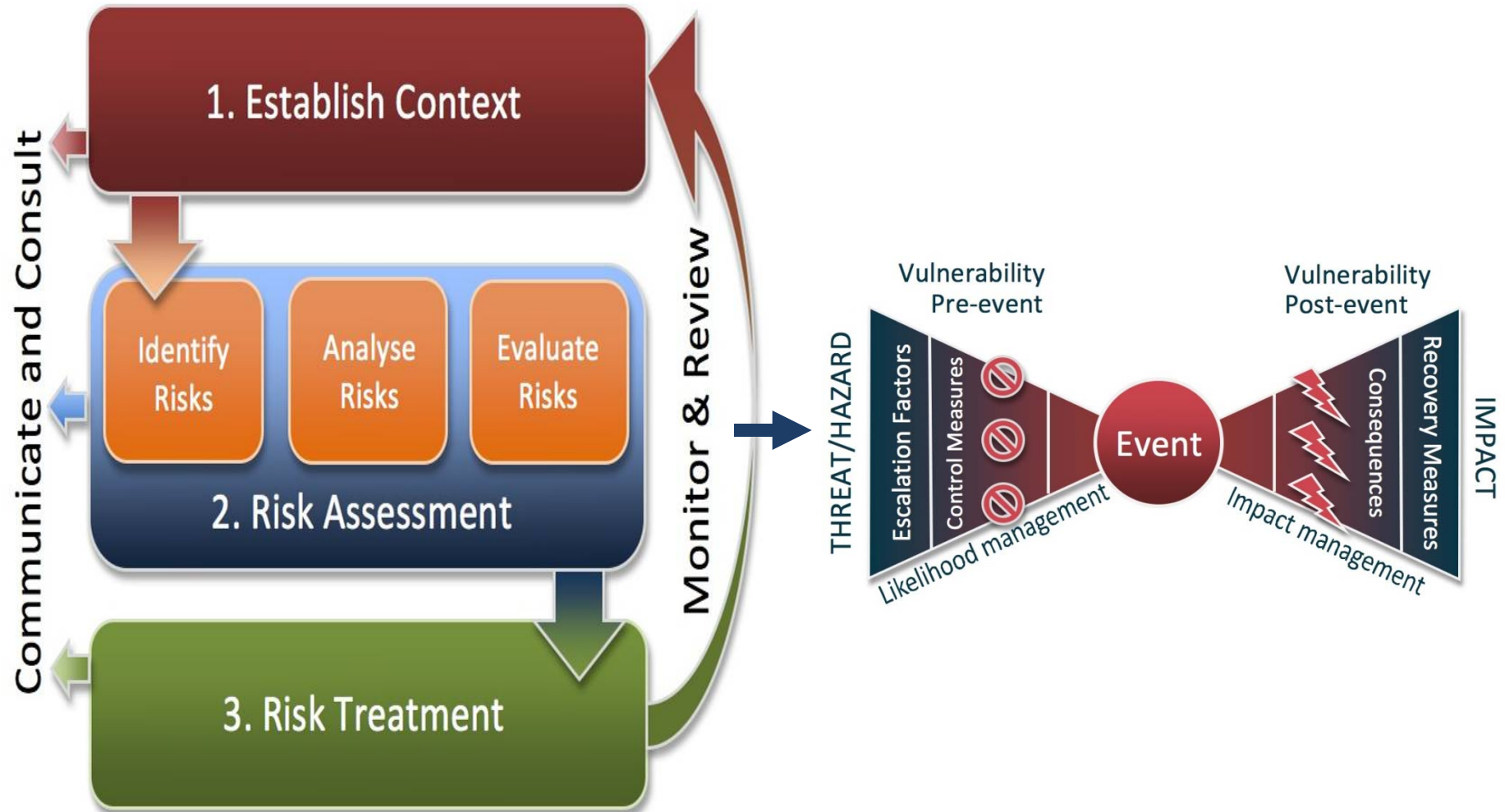


Crisis and security consulting

We look after clients' **people, property and information**

1. Executive protection
2. Business continuity planning
3. Crisis management planning
4. Information security
5. Security design solutions (SDS)
6. Technical surveillance counter-measures (TSCM)
7. Risk assessments and treatment plans

Security risk management ('SRM') methodology



Example 1: What can happen in Russia?

- Leading activist/civil rights campaigner gets serious death threats from Russian extreme right-wing groups.



Example 1: How we helped

- Full **threat assessment** undertaken to establish the **intent** and **capability** of the threat.
- Internet postings + numerous visits to home
- Risk event (physical attack on subject)
- **Extreme**



Mitigation measures:

- Family relocation
- Security review of new apartment with recommendations
- Other precautions

Example 2: What can happen in Russia?

- Russian Ministry of Interior police carry out 'dawn raid' on international law firm



Example 2: How we helped?

During crisis

- Immediate, on-the-ground crisis management advice given to modify impact

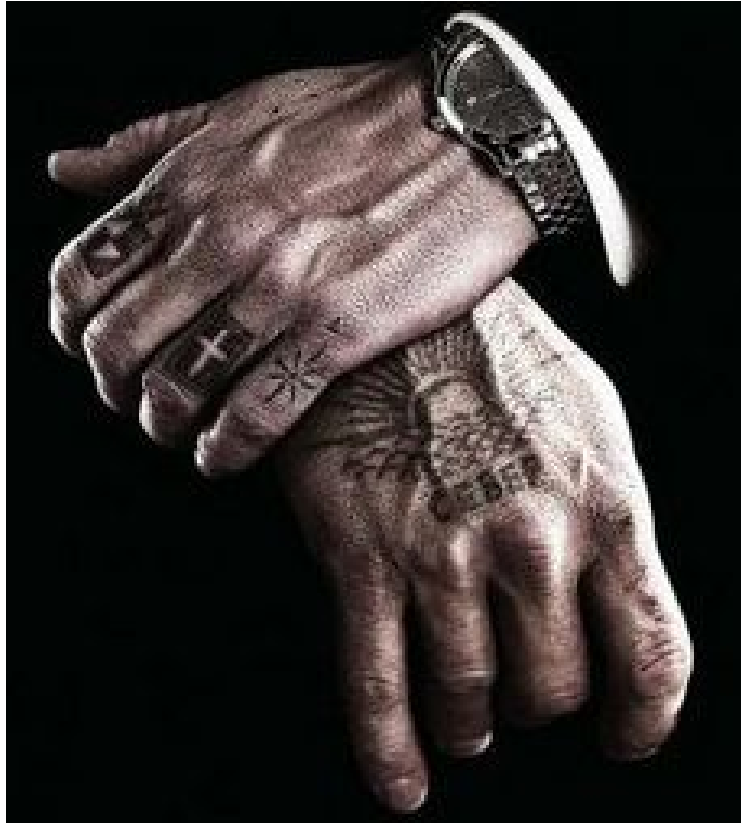


Post crisis

- Review of business continuity plans
- Sweep for possible electronic eavesdropping devices
- Crisis management plans formulated
- Ongoing **maintenance** to test and evaluate crisis management plans, systems and teams (living documents)

Example 3: What can happen in Russia?

- Western company doing business in the Russian energy sector comes in for an unexpected surprise



Example 3: How we helped?

During crisis

- Immediate, on the ground executive protection and escort to the airport
- Access to emergency security hotline

Post crisis

- Due diligence carried out on subject company and principle owner
- Organised safe venue for conclusive meeting
- On going executive protection support throughout



Any questions?

Sorana Pârvulescu

Senior Analyst Central and South-eastern Europe
Global Risk Analysis

William Hopkirk

Consultant – Crisis and Security Consulting
Moscow, Russia