

CNC
PART OF MSLGROUP

CNC Risk Audit

ANTICIPATE A REPUTATIONAL CRISIS BEFORE IT MATERIALISES

WWW.CNC-COMMUNICATIONS.COM



When Communication Matters.

CNC – Communications & Network Consulting is an experienced international **strategic communications consultancy.** We have an outstanding track record of using communications to help organisations address their most important business challenges. When communication matters, companies, institutions and individuals use CNC's unrivalled expertise to advise on issues affecting decisions, valuation, change and reputation.

Founded in 2002 in Munich and London, we have built an international network of **11 offices across 8 countries.** The merger with Capital MSL in January 2015 strengthened our London hub and added offices in the Middle East. Our success is built upon the quality and creativity of the **140 strong team,** a large number of whom have significant operational experience in industry, finance, politics and the media. We use this expertise and our strong network to deliver results-driven consultancy to management teams and their advisers.

We pride ourselves on our enduring relationships with clients and those they communicate with: the key stakeholders in media, industry, finance and politics.

As a **member of MSLGROUP,** we have the ability to draw upon the expertise of some of the world's leading strategic communications firms to support our clients wherever required.



CNC Risk Audit

Private Equity (PE) owners and members of the Executive Board of larger corporations are often exposed to unknown reputational risks, inherent in their portfolios or business units. The CNC Risk Audit helps to identify and assess these hazards, in turn enabling management to better protect their company's reputation.

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Corporate reputation is more than just a competitive advantage,
it is a bottom line critical success factor.

Initial Situation and Objective

INITIAL SITUATION

- → PE ownership and membership of the Executive Board entails responsibilities and reputational exposure
- → Special situations, such as new investments, exits or restructuring cases of a portfolio company or business unit, immediately draw attention to the owner and the Executive Board
- → In most cases, risks are manageable through appropriate screening, preparation and organisation

OBJECTIVE

1. Review potential reputational risks related to
   a) operational, financial and ESG (environmental, social, governance)
   b) media exposure and public perception
   c) communication capabilities and structures
2. Provide PE and corporate managers with a clear risk assessment and concrete recommendations on how to reduce risks
3. Create a product that demonstrates to investors and shareholders how the PE management and Executive Board mitigates reputational risks

A Process in Four Phases

PROCESS PHASES	I. PREPARATION
Communication Products	**Briefing Paper and Questionnaire**
CNC ADDED VALUE	→ Develop a briefing paper for each portfolio company / business unit and assess media exposure (“outside view”) → Prepare a tailor-made questionnaire for each particular asset to identify reputational risks → Schedule individual meetings with the management and head of communications

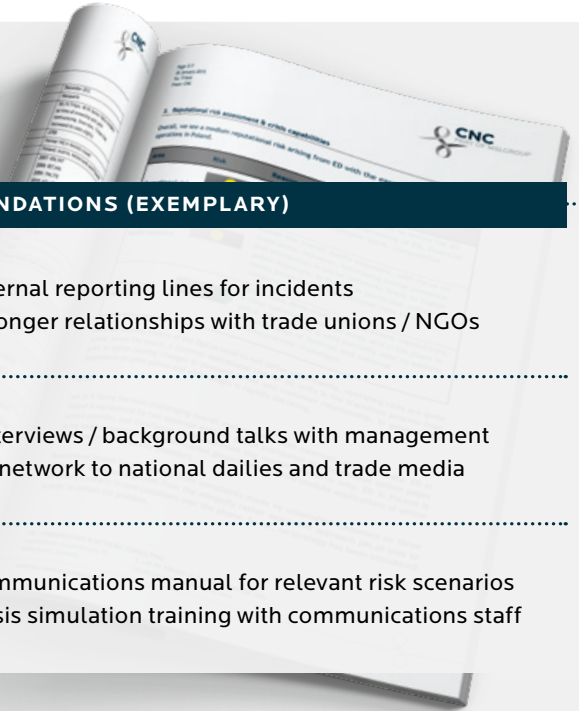
II. EXECUTION	III. DOCUMENTATION	IV. IMPLEMENTATION
Interview	**Risk Audit**	**Ongoing Improvements**
→ Conduct risk assessment through face-to-face interviews	→ Develop detailed Risk Audit covering all key findings of the assessment	→ Support the implementation of recommendations based on the outcome of the Risk Audit
→ Identify operational, financial and ESG risk factors and assess communications capabilities (“inside view”)	→ Rate overall reputational risk, taking into account communications setup and media exposure	→ Strengthen crisis and issue communications capabilities of the company
→ Follow up with interviewees to gather additional information where needed	→ Present executive results and recommendations for each company and across the portfolio	→ Strategic council for management and on-the-ground support for communications department

Summary of Results

COMPANY	OPERATIONAL RISK	MEDIA EXPOSURE	COMMUNICATIONS CAPABILITY	EXTERNAL COMMUNICATION	INTERNAL COMMUNICATION	OVERALL REPUTATIONAL RISK
Company / Unit 1	+	o	–	–	–	high
Company / Unit 2	o	+	o	–	o	medium to high
Company / Unit 3	o	+	–	o	+	medium to high
Company / Unit 4	o	o	+	o	o	medium
Company / Unit 5	o	–	o	o	+	medium
Company / Unit 6	o	+	+	o	–	medium
Company / Unit 7	–	–	+	+	o	low

[+] high / good · [o] neutral · [–] low / room for improvement

In-depth Risk Analysis



CATEGORY	RISK	RECOMMENDATIONS (EXEMPLARY)
→ Operational, financial and ESG risk		→ Improve internal reporting lines for incidents → Build up stronger relationships with trade unions / NGOs
→ Media exposure and public perception		→ Organise interviews / background talks with management → Strengthen network to national dailies and trade media
→ Communications capabilities and structures		→ Develop communications manual for relevant risk scenarios → Conduct crisis simulation training with communications staff



Case Study

How the CNC Risk Audit paid off after only a few weeks…

1 THE INCIDENT

Incident at a fertiliser production site in Germany:

- → A warehouse the size of ten football pitches containing 33,000 tons of fertiliser burned to the ground
- → Fire and smoke clouds caused severe damage, affecting the entire region
- → Strong media interest and national press coverage of the incident

2 THE RESPONSE

- → Due to the CNC Risk Audit, strengths and weaknesses of the company, relevant stakeholders and internal processes were well known in advance
- → Preparation enabled the company to communicate immediately and according to best practice
- → CNC provided ad-hoc crisis communications and comprehensive stakeholder relations support

3 THE OUTCOME

- → With the support of CNC, the company was able to deal with the situation in a fast and professional manner
- → The company strengthened its relationships with all relevant stakeholders through transparent dialogues during and after the crisis
- → **The risk of lasting reputational damage for the company and its owner was successfully contained**



Risk Audit Team



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Management and Locations

CNC has **11 offices in 8 countries** – Abu Dhabi, Berlin, Brussels, Dubai, Frankfurt, London, Munich, New Delhi, Paris, Seoul, and Tokyo. We work with Kekst in the United States, JKL in the Nordics and MSLGROUP globally.

As part of MSLGROUP, our strategic communications practice is among the top three in the world, with revenues well in excess of € 100m, giving us the scale and resources to support clients wherever they need help.

MSLGROUP is among the **top three PR firms in the world** and is owned by Publicis Groupe. This gives our clients access to an unrivalled breadth of marketing and communications expertise, including digital and advertising.

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11 offices / 150+ experts

Strategic Communications Network
24 offices / 400+ experts

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