

«Translating good concepts to great solutions for Enterprise Risk Management is a major undertaking – we continue to make excellent progress»

*Bader Al-Shumaimri, Manager Corporate Risk  
Kuwait Petroleum Corporation*



## Kuwait Petroleum Corporation has a comprehensive Enterprise Risk Management solution for the entire organisation – The Avanon System

Avanon ERM offered the Kuwait Petroleum Corporation a good functional fit and foundation for their well-defined ERM framework. Avanon staff worked closely with Kuwait Petroleum Corporation's corporate team to deploy an ERM platform that is now reaching out to multiple subsidiaries and continues to evolve. Beyond this, the same platform is being prepared to deliver support for additional business requirements, such as the management of environment, health and safety issues.

**Kuwait Petroleum Corporation** is the state-owned entity responsible for Kuwait's hydrocarbon interests throughout the world. As part of the global energy industry, they supply the world with its vital oil and gas needs by exploring for, producing, refining, transporting and marketing these precious natural resources.

### Management Attention

Enterprise Risk Management is a vital project, which has been implemented to enhance Kuwait Petroleum

Corporation's international stature. The application of ERM assures Kuwait Petroleum Corporation and Kuwait's oil leaders that they keep pace with technology, maximize opportunities and target pioneering activities in the industry. Recent milestones include fully quantifying two major business risks, namely Gas Plant Interruption and Consequences of Delay in the Clean Fuel Project, together with identification of all risks «above tolerance» i.e. the Risk Index when benchmarked against management-defined Key Performance Measures.

### Selection

Kuwait Petroleum Corporation engaged Deloitte Consulting to develop a company-wide, multi-step ERM framework for Kuwait Petroleum Corporation and its global subsidiaries, tightly aligned to AS/NZS 4360:2004 Standard (superseded by AS/NZS ISO 31000:2009).

## Case Study



Kuwait Petroleum Corporation selected Avanon to deliver and implement the entire ERM process, namely to identify and manage an inventory of risks, provide analysis, evaluate, treat, monitor and communicate key information.

Kuwait Petroleum Corporation's pre-existing solution was comprised of a risk database and Excel spreadsheets. The broader solution needed to handle further requirements and do it in a more holistic manner. A comprehensive requirements specification was issued, followed by more detailed workshops, designed to walk through all relevant functional coverage. Careful cost-benefit analysis led to a decision in favor of Avanon ERM.

### Specific Requirements

Bader Al-Shumaimri, ERM Manager describes Kuwait Petroleum Corporation's requirements in terms of target benefits, which include «Strong capability to provide senior management with a unified version of overall risk exposure across the business supply chain, deliver performance and compliance information to optimize corporate decisionmaking, capture and enhance opportunities, support management in over-

seeing their business section performance, identify an aggregate risk appetite (risk index) and optimise risk control and response approaches across risk types and departments.»

### Global Delivery

The project launch included nominating ERM facilitators from each department within Finance & Administration section and training them on the rigorous 8-Step KPC ERM Process and Guidelines and the Avanon ERM product.

To start the process six Kuwait Petroleum subsidiaries ERM units met to share and integrate ERM applications, report and view ERM overall progress at the K-Companies, view various ERM methods now underway, discuss ERM best practices with the goal for possible applications within Kuwait's oil sector, highlight key risks to the Kuwait Petroleum Risk Operating Committee or ERM initiatives taken by Kuwait Petroleum and subsidiaries.

Iman Al-Gharabally, ERM Team Leader explained: «All subsidiaries will complete their ERM Projects and we move into a full-fledged ERM program.

#### INDUSTRY

- Energy

#### LOCATIONS

- Headquarters in Kuwait City
- 7 divisions in Kuwait
- Multiple divisions across US and Europe

#### PROJECT SCOPE

- Group-wide and integrated management of all risk and controls
- Close alignment with AS/NZS ISO 31000:2009 Standards

#### IMPLEMENTATION HIGHLIGHTS

- Production-ready in 14 weeks
- Rollout to all group companies
- Strong support from senior management

#### BENEFITS

- Complete oversight of all key risks and controls
- Greatly improved risk assessment process
- Versatility to support other business topics (EHS)

She goes further: «It is always easier to outline idealistic concepts and internationally renowned business methods as a plan. The real challenge is to sustain this momentum and the true measure of success is for the concept to prove itself.»

#### Results

Kuwait Petroleum Corporation and its subsidiaries are now well positioned to treat and mitigate all identified risks «above tolerance».

Iman Al-Gharabally says «With time it is our ambition that this initiative will include Joint Ventures. Our

current goal is to fulfil our Kuwait Petroleum Risk Management vision and mission, namely to create a Risk Management Forum of Excellence that actively supports and assists our various businesses in developing and implementing best practice processes and procedures.

She goes on to conclude: «Achieving this initiative will meet their goals and ensure Kuwait Petroleum Corporation becomes a leader in risk management for the region, and is respected by the wider industry and markets alike.»



**Avanon AG has developed and successfully delivered a solution for a wide spectrum of risk management disciplines since 1999. For many years the Avanon System has been widely recognized as a leading vendor by international market research firms. Avanon Solutions are deployed globally by financial services firms and industry.**

The modular application supports consistent capture, monitoring and control of potential risks before the actual losses occur. The Avanon System is recognized as a leading application because of its well-designed integration of all functionality. A high degree of flexibility provides extended support for individual client requirements. The Avanon System can be deployed module-by-module or as a complete package, so allowing for incremental activation of functionality whenever it is needed.

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