EXECUTIVE PERSPECTIVES:

North Carolina State University's ERM Initiative and Protiviti recently partnered to conduct a survey of board members and C-level executives, inquiring about the risk issues they view to be most pressing for their organizations in the coming year. The full survey report, Executive Perspectives on Top Risks for 2013, may be accessed at erm.ncsu.edu or protiviti.com/toprisks. **TOP 10 RISKS FOR BUSINESSES** •

STRATEGIC

4.5

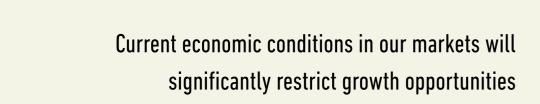
STRATEGIC

4.5

STRATEGIC

4.5

STRATEGIC MACROECONOMIC



Regulatory changes and heightened regulatory scrutiny may

affect the production or delivery of our products/services

Uncertainty surrounding political leadership worldwide will limit growth opportunities

Organic growth through customer acquisition/enhancement is a significant challenge

Succession challenges and the ability to attract and retain

Anticipated volatility in global financial markets and currencies will create challenges

top talent may limit our ability to achieve operational targets

Ensuring privacy/identity management and information

Cyber threats may disrupt core operations significantly

Resistance to change will restrict us from making necessary adjustments to business model and core operations

Existing operations may be unable to meet quality, time-to-

security/system protection will require substantial resources

market, cost and innovation expectations as well as competitors

TOP RISKS BY INDUSTRY GROUP

CONSUMER PRODUCTS AND SERVICES

MACROECONOMIC

6

5.5

OPERATIONAL

7.5

6.5

OPERATIONAL

1. Current economic conditions in our markets will

significantly restrict growth opportunities

affect the production or delivery of our products/services 3. Succession challenges and the ability to attract and retain top talent may limit our ability to achieve operational targets

2. Regulatory changes and heightened regulatory scrutiny may

4. Uncertainty surrounding political leadership worldwide will limit growth opportunities

5. Ensuring privacy/identity management and information

ENERGY AND UTILITIES

security/system protection will require substantial resources

1. Regulatory changes and heightened regulatory scrutiny may affect the production or delivery of our products/services

2. Current economic conditions in our markets will

significantly restrict growth opportunities

3. Uncertainty surrounding political leadership worldwide will limit growth opportunities

top talent may limit our ability to achieve operational targets

5. Organic growth through customer acquisition/enhancement is a significant challenge

4. Succession challenges and the ability to attract and retain

FINANCIAL SERVICES 1. Regulatory changes and heightened regulatory scrutiny

may affect the production or delivery of our products/services

- will limit growth opportunities
- security/system protection will require substantial resources

5. Anticipated volatility in global financial markets and

Ensuring privacy/identity management and information

currencies will create challenges

limit growth opportunities

is a significant challenge

will limit growth opportunities

AND

- 1. Regulatory changes and heightened regulatory scrutiny
- 5. Ensuring privacy/identity management and information security/system protection will require substantial resources
- 1. Current economic conditions in our markets will significantly restrict growth opportunities

2. Organic growth through customer acquisition/enhancement

3. Anticipated volatility in global financial markets and

- currencies will create challenges 4. Uncertainty surrounding political leadership worldwide
- TECHNOLOGY, MEDIA AND COMMUNICATIONS
- 1. Current economic conditions in our markets will

5. Regulatory changes and heightened regulatory scrutiny

may affect the production or delivery of our products/services

- 3. Rapid technological innovation in the industry may outpace our ability to compete and/or manage risk without making significant changes
- market, cost and innovation expectations as well as competitors AND Resistance to change will restrict us from making necessary

OPERATIONAL STRATEGIC MACROECONOMIC 4.5 6 6.5 7.5

MACROECONOMIC

6

6.5

OPERATIONAL

OPERATIONAL

7.5

significantly restrict growth opportunities 3. Uncertainty surrounding political leadership worldwide

2. Current economic conditions in our markets will

- 4. Cyber threats may disrupt core operations significantly
- may affect the production or delivery of our products/services

2. Uncertainty surrounding political leadership worldwide will

HEALTHCARE AND LIFE SCIENCES

significantly restrict growth opportunities 4. Succession challenges and the ability to attract and retain top talent may limit our ability to achieve operational targets

3. Current economic conditions in our markets will

STRATEGIC MACROECONOMIC **OPERATIONAL** 4.5 5.5 6 6.5 7.5

MACROECONOMIC

- significantly restrict growth opportunities 2. Ensuring privacy/identity management and information security/system protection will require substantial resources
- Cyber threats may disrupt core operations significantly
- 5. Existing operations may be unable to meet quality, time-toadjustments to business model and core operations

RESOURCES

STRATEGIC MACROECONOMIC **OPERATIONAL** 4.5 5.5 6 6.5 7.5

1 = unlikely 10 = extremely likely

PLANS TO ADD RISK MANAGEMENT

