

African Rainbow Minerals (ARM) is a globally competitive diversified mining company with assets exceeding R17 Billion and headline earnings of R548 million in 2006. Company operations spread throughout South Africa include interest in platinum, ferrous coal, and gold mining.

## African Rainbow Minerals Focuses on Corporate Governance, Compliance and Reporting Using QPR's Software

### CUSTOMER CASE:



*"Since we started using QPR as a Risk Management tool, the time it took to prepare our risk reports for both the Risk Managers at the Mine and the respective Underwriting companies, has reduced dramatically. The quality of Risk Reporting inside the organization has also improved."*  
*Schalk Lubbe,  
Managing Director CRA*

Collaborative Risk Applications employs QPR as a risk management tool allowing users to capture risk related information for their risk management programs. Clients are allowed access to the system via the internet, and since the information is real-time, they are able to collaborate through the system.

***The focus on corporate governance, compliance and reporting not only continues worldwide, but has intensified, with increasing accountability for directors and officers of organizations.***

***African Rainbow Minerals (ARM) and its subsidiary Teal Exploration and Mining Inc, (both listed on the Toronto Stock Exchange and the Johannesburg Stock Exchange) are not only subjected to the rules and listing requirements, they also have to comply with the corporate governance regulations and responsibilities in the respective countries.***

***The directors of both ARM and Teal are strongly committed to adhering to these regulations.***

***Measuring this compliance with regard to best practice in respect of the risk management, at strategic, business and operational level within the business is paramount.***

### Tracking individual operations performance with QPR

Collaborative Risk Applications (CRA) understand the need for clients to align their company risk management process to the principles of good corporate governance. CRA Risk Engineers are well experienced in assisting clients to develop, implement and maintain an effective risk management process at every level of the business to ensure compliance of good corporate governance. ARM chose Collaborative Risk Applications

(CRA) and QPR to track the performance of individual operations.

It became increasingly more important for ARM to demonstrate Group performance in respect of the level of risk control, risk tracking and measurement to all stakeholders including national and international insurance markets.

ARM's Unique management style, supported by experience and a focus on entrepreneurship, adds significant value to its business. An integral part of ARM's business is the forging of partnerships with key players in the various sectors to ensure that ARM is at the forefront of technological development and global practices, and has access to key market and value generating growth opportunities. A high level of risk performance is key to achieving these goals.

## Controlling risks and measuring compliance

The project was rolled out to nine operations and associated operating units located throughout South Africa.

The main goals were to introduce a management tool that will enable the Group to track and measure compliance to best practice in respect of the risk management, at strategic, business and operational risks within each of the operations.

The introduction of the measuring process of which QPR forms the basis required the approval of the ARM executive and involvement of the Management Risk Committee, Internal Audit function as well as all operational management teams.

The initial design of the Risk model and the building of scorecards, compliance standards and procedures took twelve months. A further twelve months were required to roll the program out to operational level. This process is ongoing as the Group acquires new operations.

## Adaptability: key when selecting QPR

Executive Business Solutions, QPR Partner in South Africa, demonstrated the capabilities of QPR ScoreCard and QPR Portal after which it was identified as the tool of choice that can enhance the organizations efforts with regard to the following:

- Facilitate appropriate risk/reward decisions at all levels of management.
- Identification and evaluation of significant risks at each level of the enterprise.
- Document and manage the response to that risk
- Communicate the risks and management's response based on predefined escalation levels; and
- Demonstrate the effectiveness of the process.

The adaptability of the software enabled its application as management tool in a diversified business such as ARM and a diversified subject such as Risk Management.

## Achieving "real time" risk communication

The financial benefits of a well-managed business from a risk perspective are not always immediately apparent. Suffice to say that a risk free business is a prosperous one:

"Effective risk management is essential as the realization of our business strategy depends on being able to take calculated risks in a manner that does not jeopardize the direct interest of ARM stakeholders.

Sound management of risk will enable us to anticipate and respond to changes in the business environment, and make informed decisions under conditions of uncertainty. Our Operational Risk Scorecard using QPR helps us to evaluate and monitor risk issues in our business and enables us to manage the threats in our

organization in a cost effective manner", says Shalk Lubbe.

The process of risk identification, evaluation and monitoring has improved beyond expectations. Risk communication is now "real time". Action to mitigate risk is taken at a very early stage in the process as a direct result of the implementation of the QPR program preventing losses potentially worth millions. Commitment from operational management teams with regard to achieving set targets has substantially improved.

The introduction of QPR software into ARM has streamlined the entire risk management process within the organization. It placed ARM in a position of strength with International Insurance Underwriter markets. The detail and quality of risk reporting and monitoring using QPR provided ARM the edge ahead of its competitors for some time to now.

*"Operational Risk Scorecard using QPR helps us to evaluate and monitor risk issues in our business and enables us to manage the threats in our organization in a cost effective manner", says Shalk Lubbe.*

## Future plans

ARM adopted an enterprise-wide approach to risk management, in terms of which every key risk in each part of ARM, including key risks associated with major changes and significant actions within ARM and within the industry will be managed within the same framework. Using QPR, it is envisaged that the current program will be rolled-out in time to include the Groups entire enterprise risk program.