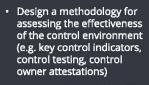


Deloitte's Legal Risk Management Framework

- · Understand the risk universe to help identify the legal risks which could have a material impact on the organization's business strategy or objectives
- Clearly define what constitutes legal risk so this is understood across the organization
- Ensure clear ownership for risks between Legal and other functional areas such as Compliance



Report residual risk profile for legal and control effectiveness to relevant governance forums



- Define and embed a risk assessment process to assess the level of legal risk exposure against an agreed set of risk factors (e.g. regulatory, customer, financial and reputation implications)
- Set risk appetite thresholds for legal risk areas
- Embed a control framework to bring residual legal risk within risk appetite
- Determine the level of investment in control and the appropriate balance of proactive/ reactive depending on
- Control measures could include policy setting, guidance and self service tools, training, thresholds for escalation to legal, provision of legal advice, horizon scanning, issue management, use of technology to drive control
- Ownership and execution of controls will often sit outside Legal and needs to be part of the control framework

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