



Think Globally. Act Locally.

Enterprise Risk Management



PRESENTED BY
Maureen Hogan
Bob Dubinsky

What if a computer virus wipes out my whole network?

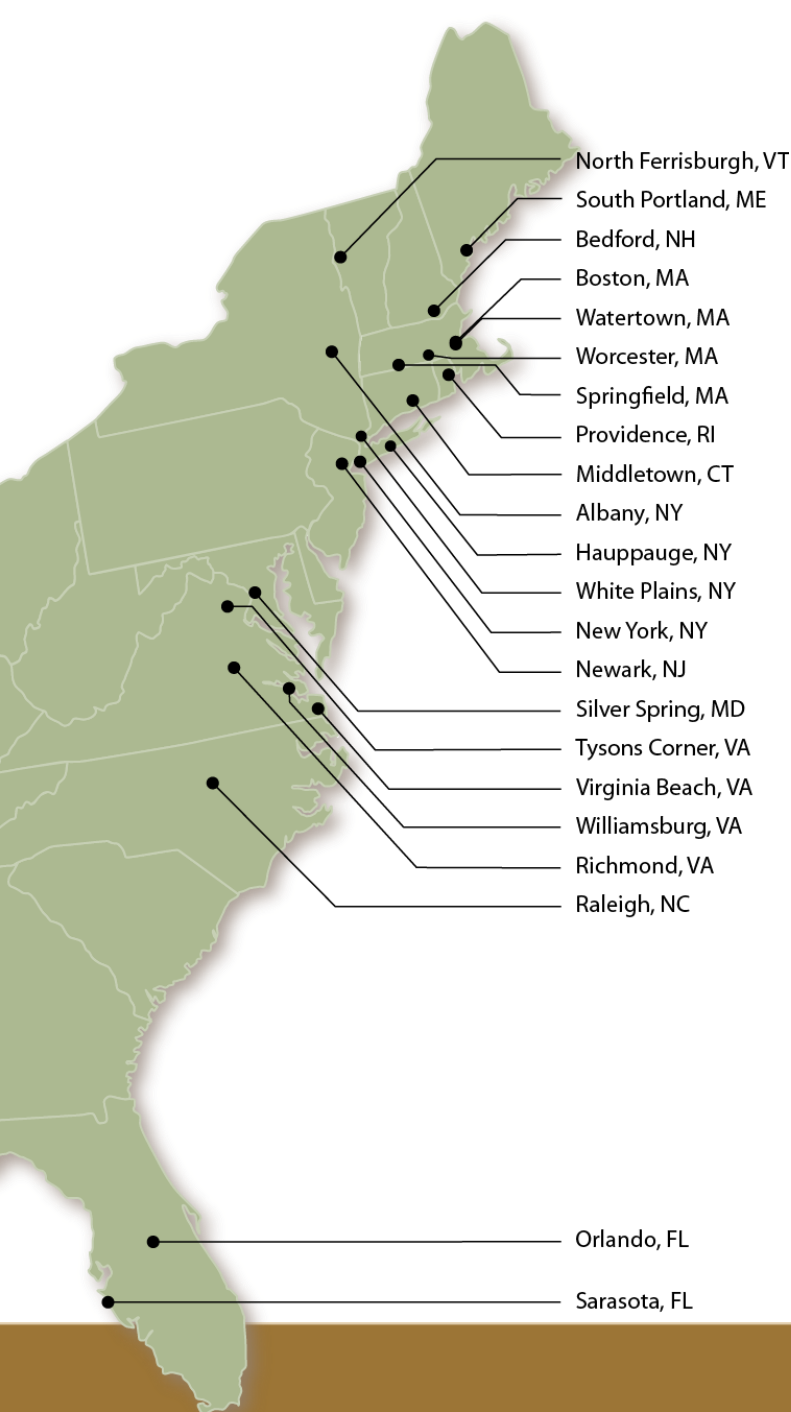
What keeps you up at night?

Is my business evolving fast enough
to keep up with the new economy?

What if a bad news story about us goes viral?

The purpose of this session

- Provide an overview of how VHB considers business risks
- Describe the detailed process we used to identify and evaluate risks to our firm
- Describe how we have incorporated risk awareness and mitigation efforts into our normal business process



Meet VHB

- 950 employees in 22 offices along the East Coast
- Integrated transportation, land development & environmental services

Let's rewind for a second...



Background

- One of 6 main focus area responsibilities of the Board
- Pre-2011
 - Narrow focus
 - Professional liability exposures
- Post 2011
 - Broader approach
 - Understand and prepare for all risks



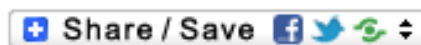
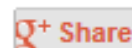
More woes for PBS&J as it probes possible corrupt payments to foreign officials

Filed under [BUSINESS](#), [COUNTY](#), [FEDERAL](#)

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By Dan Christensen, [browardbulldog.org](#)

PBS&J, the giant Florida-based government contractor already rocked by a pay to play scandal that led to guilty pleas by two of its former chairmen, has informed the Justice Department and federal securities regulators that it is investigating other possible crimes involving its overseas construction projects.



"The purpose of the internal investigation is to determine whether any laws have been violated, including the Foreign Corrupt Practices Act [FCPA], in connection with certain projects undertaken by PBS&J International Inc., one of the company's subsidiaries, in certain foreign countries," chief financial officer Donald J. Vrana wrote in Dec. 30 filings with the Securities and Exchange Commission in Washington, D.C.

The FCPA prohibits corrupt payments to foreign officials for the purpose of obtaining or keeping business.

PBS&J spokeswoman Kathe Riley Jackson declined to discuss the inquiry or identify the countries. "Due to

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finance & business

SETTLEMENTS

Bechtel/PB Pays Millions for CA/T Errors

Settlement resolves criminal and civil claims while providing ample funds for future repairs

01/30/2008

By William J. Angelo

Months of hard negotiations have finally forced a settlement in outstanding Central Artery/Tunnel project issues. As a result, the longtime project consultant joint venture that managed the Boston megaproject will pay \$407.1 million to avoid criminal and civil claims.

U.S. Attorney Michael J. Sullivan and Massachusetts Attorney General Martha Coakley announced the total \$458.2-million settlement with Bechtel/Parsons Brinckerhoff and



Indictment on fatal tunnel plenum collapse brought B/PB to the negotiating table.

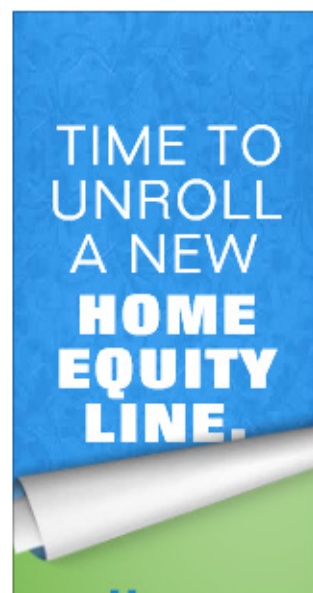
The New York Times**Business Day**

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COMPANY NEWS; SHAW GROUP WINS THE BIDDING FOR STONE & WEBSTER

Published: July 08, 2000

Shaw Group said yesterday that it had won the bidding for the assets of Stone & Webster Inc. in an auction proceeding held under Chapter 11 of the United States Bankruptcy Code. Shaw, a fabricated-piping-system company based in Baton Rouge, La., said it would acquire substantially all of Stone & Webster's assets for about \$38 million in cash and approximately 2.5 million shares of Shaw common stock. Based on Thursday's closing price, the overall cash and share purchase price adds up to about \$150.2 million. Shaw said it would also assume liabilities of about \$450 million. It estimates the acquired assets have a total book value of about \$600 million. Stone & Webster, a Boston-based engineering and construction holding company, filed for bankruptcy protection in June.

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Richmond, Virginia
August 31, 2004



Hurricane Sandy takes data centers offline with flooding, power outages

Hosting customers stranded as generators in NY data centers run out of fuel.

by Jon Brodtkin - Oct 30 2012, 12:25pm EDT

INFORMATION TECHNOLOGY 100



Flooding from Hurricane Sandy.

 Oliver Rich

Flooding and power outages caused by Hurricane Sandy have forced several New York data centers to switch to generator power. But those generators are quickly running out of fuel, so data center companies are telling their customers to shut down their servers and move workloads elsewhere.

One of the worst situations is at 75 Broad Street in Manhattan, where both Internap and Peer1 Hosting are shutting down operations "after basement-level flooding disabled critical diesel fuel pumps," [Data Center Knowledge reports](#). 75 Broad Street is part of the "Zone A" portion of the city that is under emergency evacuation orders, as is another data center operated by Datagram at 33 Whitehall Street. The Datagram outage led to downtime for popular websites Gawker, Huffington Post, and BuzzFeed.

Watertown, Massachusetts

April 19, 2013



2013-04-19 19:27:36



CAM 1



Board approach

- Appointed Global Risk Committee
- Committee goals:
 - Identify global risks to VHB
 - Determine VHB's exposure to each risk
 - Identify risk mitigation
 - Prioritize risks for Board

Where to start?



**The committee identified 23 areas of risk
with three major categories:**

Reputation

Market alignment

Catastrophic loss

Analytical Approach

Total Loss

Impact ↑

\$0

Rare/Never

Annually

Daily/Weekly

Likelihood →

Major Claim: >\$1m

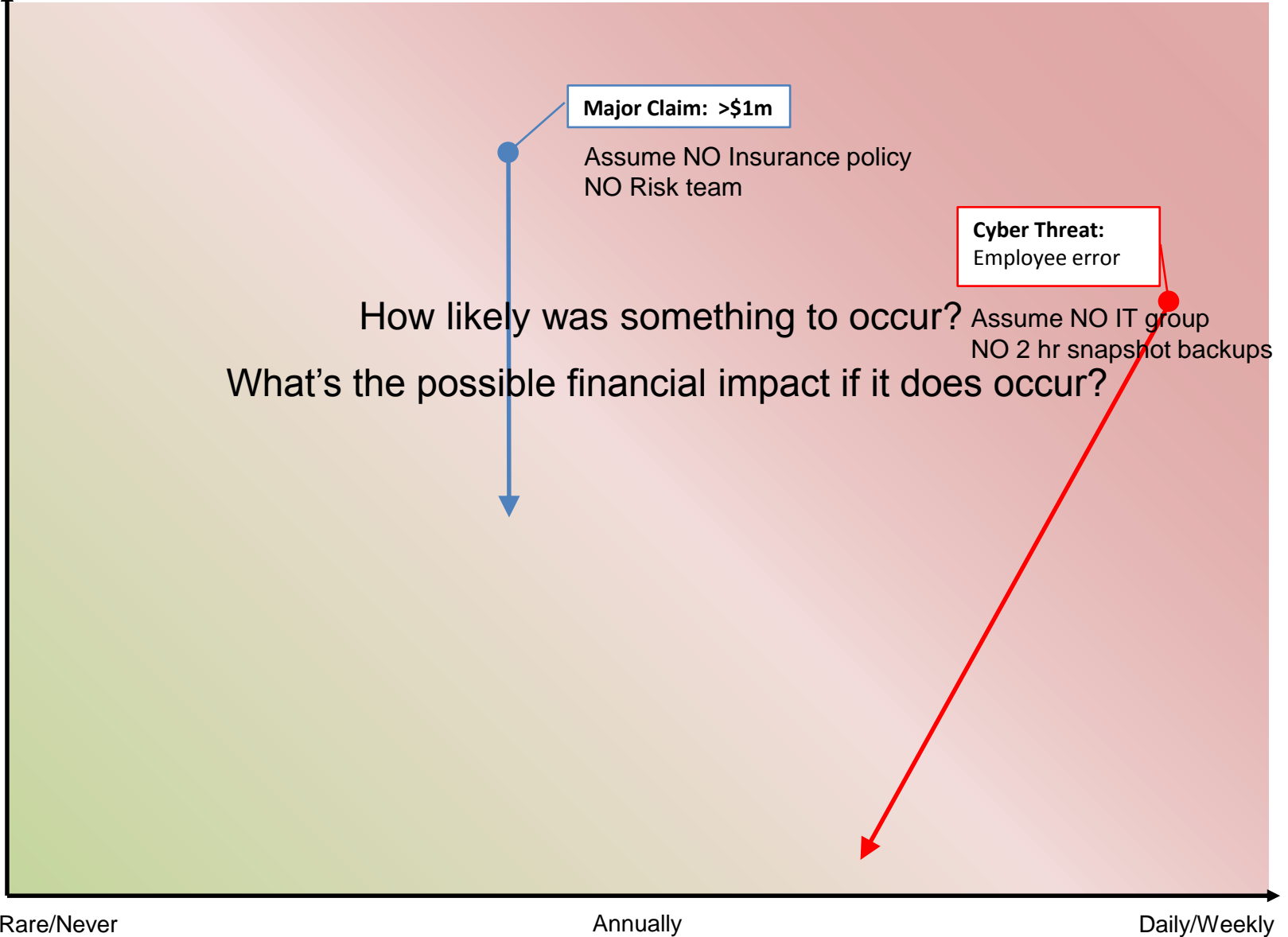
Assume NO Insurance policy
NO Risk team

Cyber Threat:
Employee error

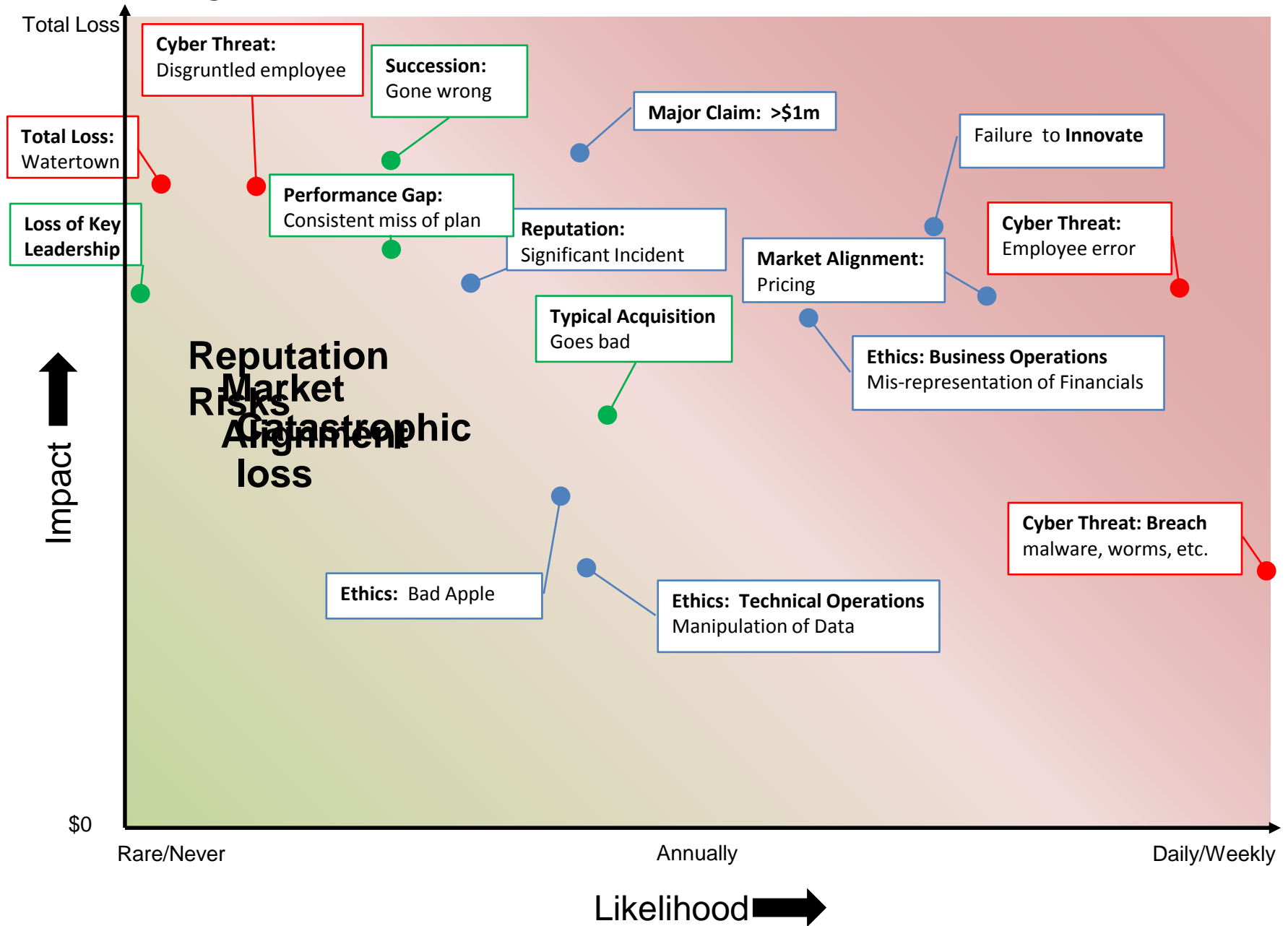
Assume NO IT group
NO 2 hr snapshot backups

How likely was something to occur?

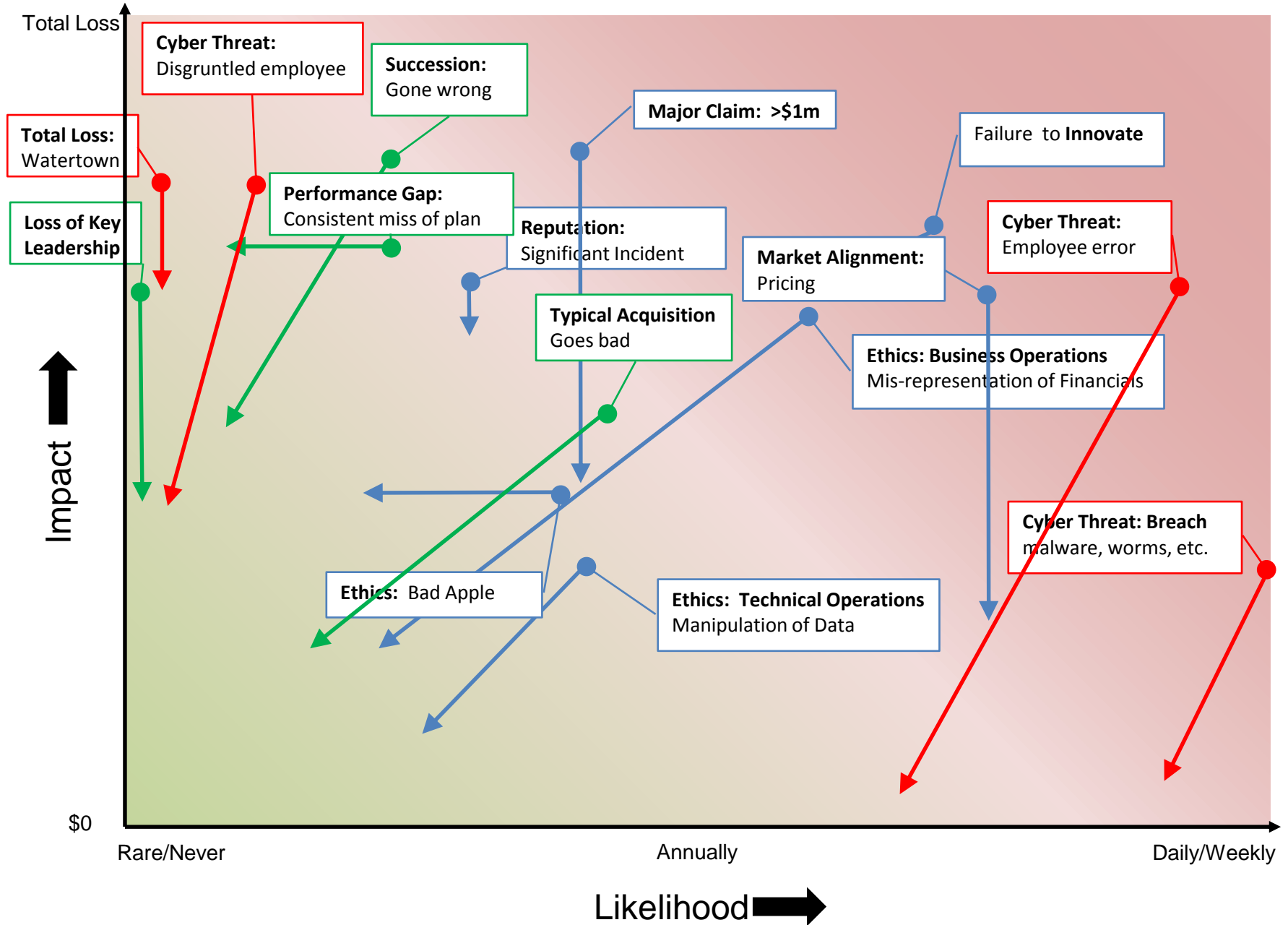
What's the possible financial impact if it does occur?



Mitigation Effectiveness



Mitigation Effectiveness



Committee findings

- Extensive mitigation already in place
 - Should be maintained
 - Can affect multiple risk areas



Risk/Mitigation Example

Risk	Mitigation
Business Performance Gap Lower profitability on a consistent basis	<ul style="list-style-type: none">• Short and long term planning• Incentives tied to profitability• Regular progress reporting• Monthly Project Reviews

Committee findings

- Extensive mitigation already in place
 - Should be maintained
 - Can affect multiple risk areas
- Gaps in mitigation exist



Mitigation Gap Example

Risk	Mitigation
Reputation Incident of any significant scale that tarnishes VHB's reputation to the public	<ul style="list-style-type: none">• Written Protocol for media communication• Monthly Project Reviews
Gap	
We can be slow to react to clues	

Committee findings

- Extensive mitigation already in place
 - Should be maintained
 - Can affect multiple risk areas
- Gaps in mitigation exist
- Global risks are part of every business environment – we need to be prepared
- Global Risk management warrants annual review/update

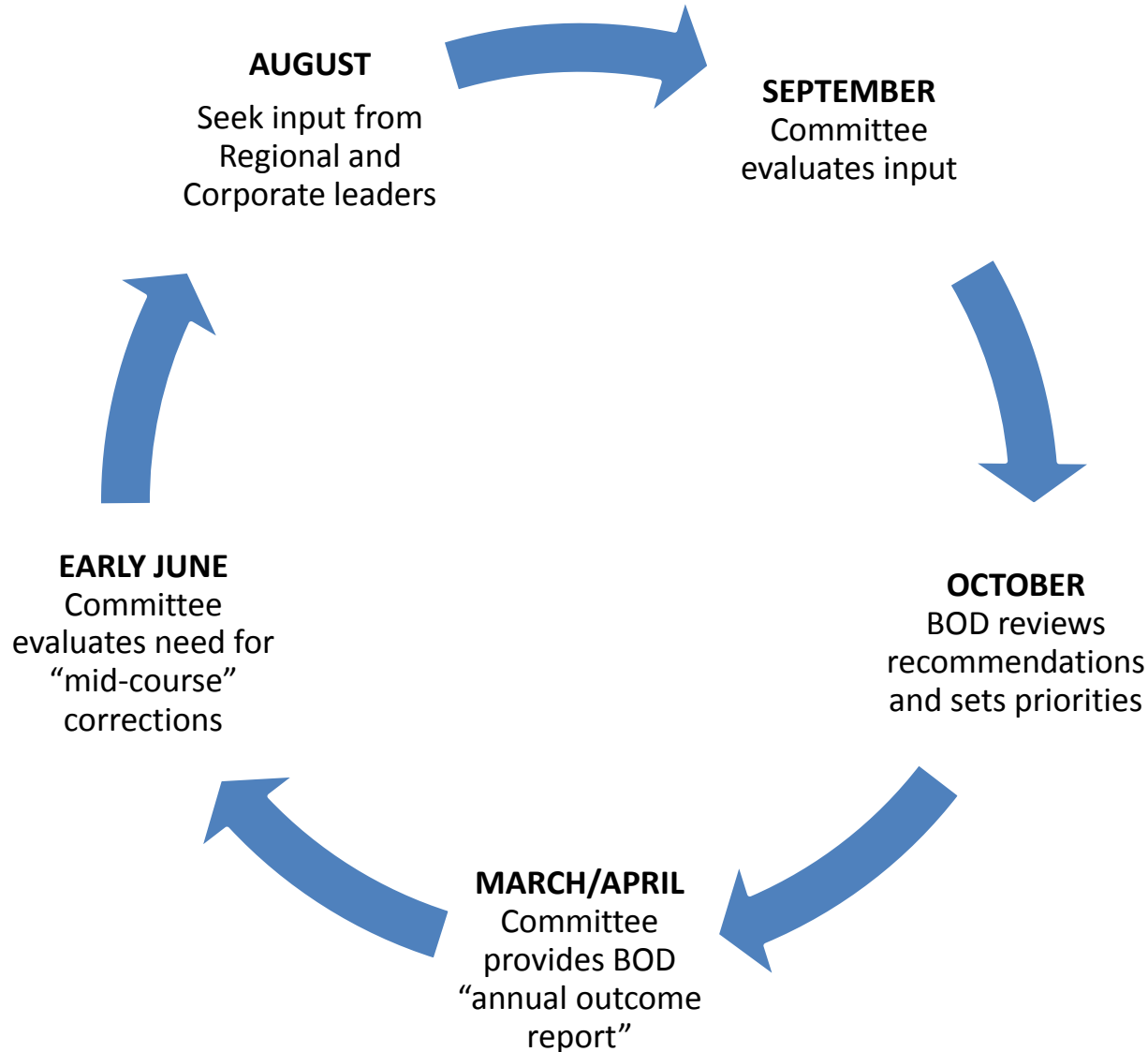


Committee recommendations

- Get feedback from Regional and Office leadership
- Firm should continue with current mitigation activities
- Create annual process to update and monitor efforts



VHB's Global Risk Annual Process



Current Status

- Created an ongoing Global Risk Committee to conduct the annual process
- First time through the cycle
- Received feedback from Regional and Office leadership:
 - Priorities- local and corporate
 - Comments on mitigation efforts
 - New risks
- Setting Priorities for 2014





Generational Company

- A Generational Company needs to think about the long term
- Better understanding of the risks we face
- Reassuring that the company is taking a proactive approach

Questions?



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