



Towards Integral Risk Management

Seminar Commodity Risk Management

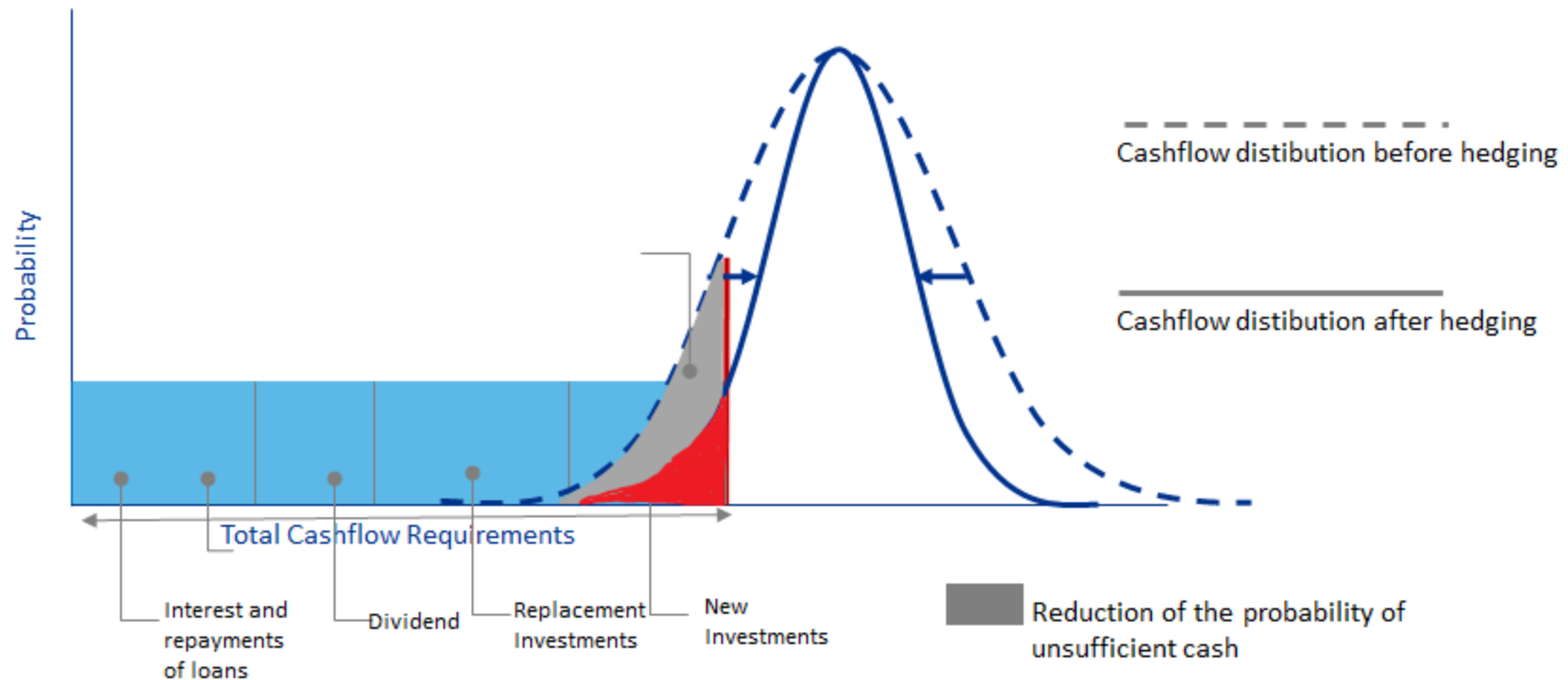
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28-06-2017



Why should you hedge anyway ?

- KPMG research under 1.200 North European corporates during the period between 2003 en 2014 proves **a (negative) correlation** between the volatility of the cashflow and the level of investment
- Correlation appears to be 50% meaning that each 1% increase of the volatlity results in a 0.5% lower investment
- Correlation is higher for corporates with a lowel level of directly available cah

What should be the effect of hedging ?

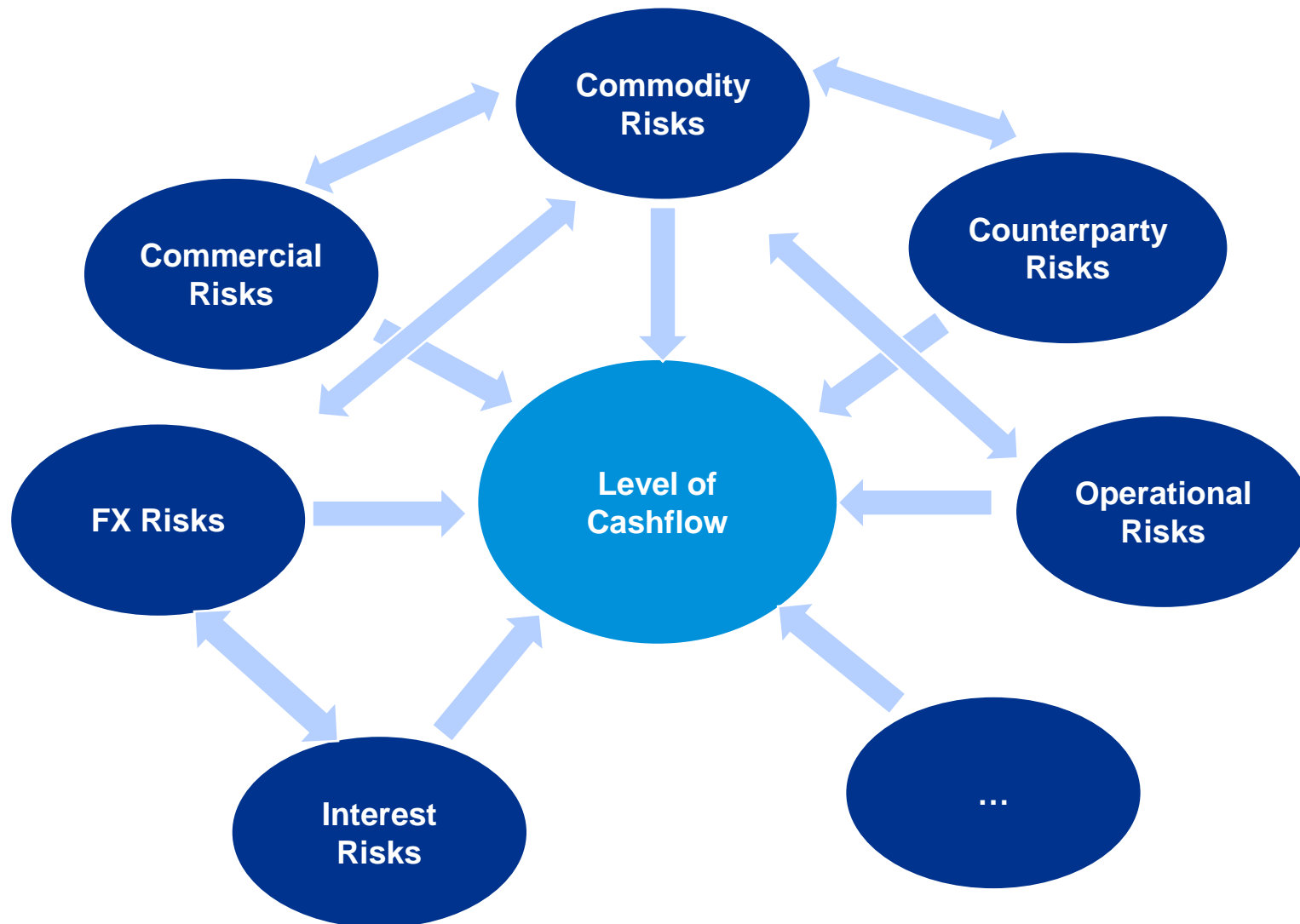


A substantial reduction of the probability of having insufficient cash for new investments

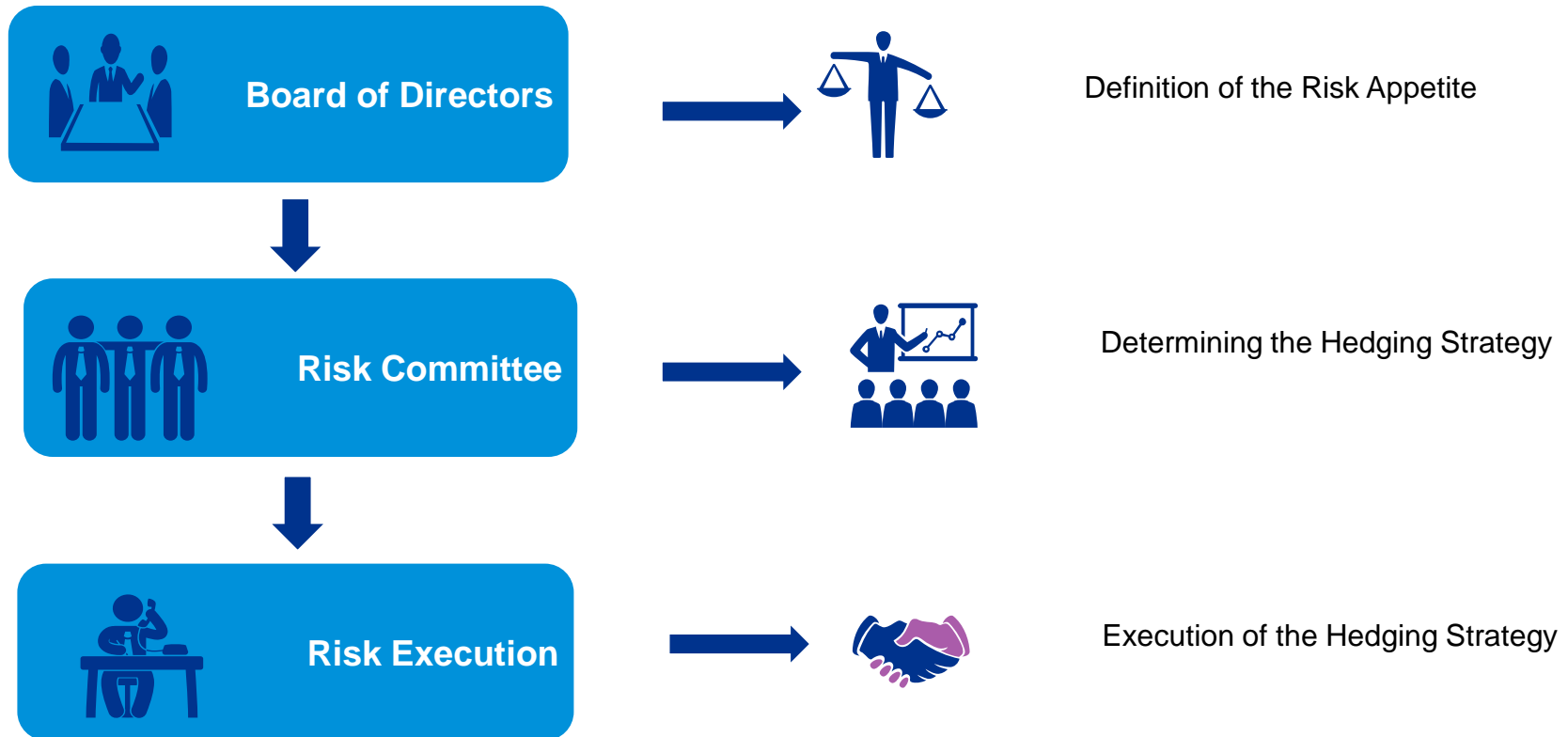
The many of types of risks to take into account ...



And these risks are also correlated ...



Therefore the right expertise must be mobilized ...



Elements of Integral Risk Management

Risk Management Policy

- Risk Appetite
- Risk Governance (limits)



Be careful with biases during the decision process...

