



CPI Vision on 3LoD Model

We see many of our clients struggle with the implementation and embedding of the Three Lines of Defence (3LoD) model. CPI's 3LoD Growth Model is designed to evolve the three Lines of Defence in parallel, as they are interdependent of one another. Our pragmatic approach protects the strength of the model, avoiding bureaucratic paralysis.

- Lower cost of capital and lower operational losses*
- Embedding enables "being in control", hence creates value*
- Comply with global regulatory demands*
- The three Lines of Defence reinforce one another and protect reputation*

MAKE THE THREE LINES OF DEFENCE MODEL A REALITY WITH CPI!

Transformation consulting *in risk, finance, governance & compliance*

CPI (**C**onnecting **P**eople with **I**mpact) is a transformation consultancy agency that offers clients and professionals what they truly need in the field of risk, finance, governance and compliance: highly experienced and passionate professionals, flexibility, honest pricing and thought leadership.

Resilient clients *with an awareness of the current climate*

Our clients recognise that developments around the world require their organisations to be strongly focused on risk, finance, governance and compliance. They choose to partner with CPI and tackle both the compulsory items and those which create value. CPI clients are market-listed, private-equity owned, family businesses or (semi-) public institutions.

Experienced and driven professionals *with a shared mission*

The CPI model attracts highly experienced and entrepreneurial professionals. We select the very best. Professionals, who in turn choose to work with an organisation that enables them to be independent, develop personal growth and make a difference. There are more than 400 CPI professionals: each has over ten years of experience. Further to their background in consultancy, each has relevant line-management experience.

	EARLY PHASE	GROWTH PHASE	SUSTAINABLE PHASE
1 1 st line	<ol style="list-style-type: none"> Ownership unclear and insufficiently visible at all levels (including board level). Risk management / compliance = checklist mentality. Risk assessment is not (explicitly) part of decision making and performance management; Reactive governance. 	<ol style="list-style-type: none"> Roles are defined, not yet implemented across all layers. Instrumental approach, with the tendency to add "one-and-a-half" line to the 1st line, as a way of compensation. Risk assessment is made as part of formalised process. 	<ol style="list-style-type: none"> Ownership of board is cascaded down to all the lower levels. Risk management/ compliance cycle is driven by management and designed for value creation. Risk assessment is inherently part of decision making and performance management; Pro-active governance.
2 2 nd line	<ol style="list-style-type: none"> Each 2nd line party determines its own definition of responsibility. Ad hoc execution of risk management/ compliance instruments. Major differences in size and staffing levels of 2nd line parties. Mostly manual processes. 	<ol style="list-style-type: none"> 'Converged' framework developed, but in reality not always visible. Regulator driven and/or instrumental approach initiated by 2nd line. Reinforcement and extension of each of the 2nd line parties, individually. Introduction of risk management systems and tooling. 	<ol style="list-style-type: none"> All 2nd line parties perform a challenge and oversight role, which is aligned. Process and tooling match the needs of internal and external stakeholders Efficient (converged) staff levels of the 2nd line in relation to the 1st line. Risk management in behaviour and DNA and tooling as support.
3 3 rd line	<ol style="list-style-type: none"> Audit is above and separate of all parties and is an extension of the regulator. Audit planning is primarily coordinated with audit committee and external accountant. Test activities are primarily conducted by audit and IC departments. 	<ol style="list-style-type: none"> Audit follows the developments and gives solicited and unsolicited advice. Audit planning is communicated with 1st and 2nd line parties. Moving test activities from 1st line (monitoring) to 2nd line (testing). 	<ol style="list-style-type: none"> Independent assurance of and usages of 1st and 2nd line activities. Audit planning is in line with risk management/ compliance cycle. Maximal embedding of test activities in management en operational processes.

When progressing to a new growth phase all lines of defence are interdependent. The step is taken across all levels!