The Copenhagen Compliance® Governance Framework is based on the Nordic Governance Model

Nordic companies have transformed regulatory authority and mechanisms of the welfare state to sharpen the corporate governance agenda for strategic business value, corporate development and professional performance. Here's why and how!
Denmark scores top grades in the annual Transparency International report and other international Governance and business surveys. Nordic food has become fashionable all over the world because of its natural simplicity and Copenhagen has the world’s best restaurant Noma for several years. The Danes are the happiest people in the world and Denmark is on the top of most lists, when it comes to corporate governance issues like: political stability, control on bribery and corruption, efficient public sector, transparency, accountability and legal certainty.

The Nordic countries have been able to raise governance standards and control the authorities without compromising the individual freedom. Sweden, for example, created The Ombudsman’s institution as the doorkeepers of the law, already in 1810.

The success of the political, social and the welfare state structures of Scandinavian countries have inspired many countries in improving their governance and public policies. This paper examines how the major components of The Nordic Governance Model has developed its far-reaching influence in the global Governance, Risk Management, Compliance and IT-Security (GRC) issues in the business sector.

However the current global crisis and the international business conduct disparities, it is important to create the fundaments of a Global Governance platform. Here the Nordic Governance Model can be compared with alternative governance models for qualified perspectives that create value for the enterprise.

### The GRC Connection Overview

![GRC Connection Diagram]

- **Governance**
  - Recommendations
  - Culture
  - Policies
  - Process
  - Mandates
  - Behavior

- **Risk**
  - To address the effects & uncertainties
  - To achieve risk thresholds based on risk appetite

- **Compliance**
  - How regulations, mandates, policies and procedures are administered, implemented and disclosed

3rd & counter party issues
Structured and measureable methodology
Strengthened corporate governance will reinforce the corporate business and financial stability. The Nordic Governance Model shows how important good governance is in ensuring transparency, stability, fairness and accountability in the organization.

The structures methodology of Copenhagen Compliance governance framework focusses on the role of governance arrangements in fostering the changes in business culture, because it is not business as usual.

Self-regulation and Self-discipline
This paper emphasizes on the Nordic approach to ensure that short-term pressures in the organization, does not lead to management behaviour that is in contradiction of good governance, corporate interests and corporate polices?

The Nordic governance model/approach combined with the hands on approach of Copenhagen Compliance sets norms for self-regulation and how far can self-discipline be expected to go in resolving GRC issues. The framework and methodology focuses on issues as diverse as regulation, competitiveness, shareholder rights, investor engagement to the sharing of responsibilities to be effective for the benefit of all stakeholders.

The paper will explore and address the prevailing Nordic governance perceptions to play a guiding role of developing a sustainable and universal Governance Model related to;
• A set of current and future governance challenges related to sustainability, society and globalization and the decline of prudent corporate behavior.

GRC Influence on Roadmap

Source: © Copenhagen Compliance
<table>
<thead>
<tr>
<th>Components of the Roadmap &amp; Framework</th>
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<tr>
<td>• Assessment/audit of compliance mandate</td>
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<tr>
<td>• GRC codex and committee and individual charters</td>
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<tr>
<td>• Certification</td>
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<td>• Communication plan, controls, test</td>
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<tr>
<td>• Design and implementation of GRC processes. business and IT</td>
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<td>• Embed the GRC activities overview, monitor, reporting/disclosures</td>
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<td>• Facilitation, advice and assistance on Design of GRC Implementation</td>
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<td>• Document the GRC framework &amp; methodologies for evidence</td>
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<td>• IT Framework (COSO, ITIL, Cobit, ISO)</td>
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<td>• GAP analysis of existing and necessary GRC processes and development</td>
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<td>• Integrating GRC in existing processes and design of new processes</td>
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<td>• IT at transaction level and automation</td>
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<td>• Maturity assessment of GRC mandates &amp; effectiveness and profile</td>
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<td>• Measuring and reporting GRC effectiveness to Board/AC.</td>
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<tr>
<td>• Methodology, documentation, test, approvals</td>
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<tr>
<td>• Minimizing organizational burden and costs</td>
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<td>• Monitoring and improvement plan</td>
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<tr>
<td>• Training, education and awareness efforts</td>
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<tr>
<td>• Overall financial and operation risk assertions from framework:</td>
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<tr>
<td>• Analysis, Assessment, Matrix, Rights</td>
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<tr>
<td>• Root cause analysis, controls metrics, test, scoping and Planning the areas of e.g. fraud or corruption, CSR</td>
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<td>• Self-assessment methodologies</td>
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<td>• Sustainable working practices</td>
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<tr>
<td>• The GRC responsibility/function &amp; project</td>
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<tr>
<td>• Tools, business &amp; IT processes in scope related to master da</td>
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In alphabetical order. Source: Copenhagen Compliance
The ten components of the Copenhagen Compliance® Governance Model, explained in this paper, provide an excellent awareness and assessment element for use in the GRC roadmap and framework.

**The Copenhagen Compliance Framework to Address Governance Exposure**

- **Total Governance**: The Nordic Governance model can be characterized as 'Total Governance' because it takes into consideration both the upstream (theory) and the downstream (implementation) components of Governance codex, issues and concerns. It further encompasses the governance components of Risk Management, Compliance and IT-Security (GRC) to enhance the codex and avoid duplication. Enforcing the right customized code for the company, and building a governing framework around the adapted roadmap, provides a multidisciplinary and cross-functional capability that includes the breadth and depth of Governance solutions. Including the above GRC features The Nordic Governance model can merge its growth strategies to improving business value.

- **Framework and Roadmap**: The Nordic Governance model is based on transparency and accountability to play an active role in evaluating the efficiency and effectiveness of the internal control systems. The GRC components of accountability provide increased awareness and energy by using a uniform approach to Governance structures and process. Commitment and uncompromising execution of the above Governance structure is necessary to reveal the disrupting elements and actions can be taken to transforms these into a sustainable advantage. The Governance Framework can then take an impartial, comparable, unhindered, clear and open monitoring of the Governance transactions and processes. The Governance processes are then exploratory, unifying, transparent and integrative for decision support. The combination of all of the above and other technical features like board independence, evaluation of board and committees, compliance, anti-corruption, political risks, and fraud promotes Governance effectiveness.
- **Risk and Crisis Management**: The wider international acceptance of the Nordic Governance model that has been instrumental in influencing the European Governance system. The result has been able to avoid major governance abuses known from other countries. The Nordic model has influenced the EU approach to public dissemination of audits, reports and relevant information including establishing a trustworthy relationship with stakeholders and media. The EU Governance structure now provides significant internal stakeholders and regulatory regimes and confidence in sustainable disclosures to add value, provide insights and execute assurance on data.

- **Transparent and Independent**: Nordic boards take leadership and authority seriously. They ensure that the tone-at-the-top provides strategic and operational support for endorsement of key GRC issues. The directors are involved in procedures to promote diversity and maintain and stimulate honest and qualified employees. They exercise the decision-making force on costs, rationalization and optimization of the company’s risk and compliance programs. Nordic boards much less vulnerable to lawsuits and speculations because they can rely on the support of an active shareholder and the rule of the corporate business law.

- **Employee representation and the two tier system**: Denmark is traditionally in a favorable position on Governance. Unlike many other western countries, the Nordic boards of directors have more power, and they use the authority to enforce the GRC agenda for strategic business development. The Nordic model of employee representation functions in practice without any impediment to the Board, quite the contrary; it is considered as a valuable asset. The 2-tier top management model with clear segregation of duties between the Chairman and CEO. An understanding of the responsibilities and ownership at that level is vital for business success. Both Employee representation and the two tier system compared to other European and global two tier systems that are Nordic specialties and will be dealt with in detail.

- **Stakeholder contribution**: The Governance element to combat the global ‘say on pay’ disorder and other similar stakeholder concerns are a non-issue in Denmark. Denmark is not known for excessive executive pay. The wage level is decent and competitive, and the strong majority shareholders have the incentives and influence to protect their interests in spite of the heavy tax burden.

- **Tone-at-the-Top. The Role and responsibility of the chairman and the various committees’ role and management of audit or security issues are conducted without being bogged down by compliance overreach or added regulation for a number of reasons. Ethics, integrity and independence components promote codes and standards to be ahead-of-the-governance-curve on regulation, technology, and global markets by using a broad Governance framework with an increased ability to comply with new laws and regulations. Therefore, Nordic governance model is in continuous development, with increased board interests to discuss the right solutions in terms of policy and financial control.

- **Focus on Risk Management**: The Nordic Governance model monitors the Governance processes with well-defined enterprise risk procedures together with integrated internal control and audit policy. High risk indicators for downstream Governance implications e.g. customers, suppliers, finance, operations, people, technology, risk, legal, and tax, prepare not only for the known unknowns, but also for what happens when the (un)known arrives. Streamlining Governance assessment and oversight processes the Nordic way can identify opportunities that go beyond control and compliance. The Nordic validation of Governance processes focusses on cultural and organizational changes and processes thru people, process, and data.
• **Automation:** and the use of IT tools & technology drives the Nordic Governance convergence process on perceived GRC irregularities. Establish a clear change management plan and apply it throughout the IT program is the Nordic Governance mantra. The final evidence is, given by the fact that The Danes are documenting what they do, how they do it and why it works. Data trails and IT access is for authorized personnel and any changes are tracked and detected. Information is available when users need it. Controls are based on prevention rather than detection.

• **Operative business independence:** Therefore, the Governance intonation of the Nordic Governance model concentrates on the effectiveness, productivity and leverages risk management to compliance functions. The establishment of instructions for all Governance and financial disclosures monitors compliance as part of the ongoing Governance process and operative business independence.

All of the above components together make The Copenhagen Compliance Governance and other Models an International ideal. The frameworks can provide an appropriate alternative to managing governance in BRICS and emerging markets and avoid the mistakes in the US, UK and EU models that have a cumbersome and control oriented corporate governance model post-SOX.

Therefore Copenhagen Compliance has developed a series of GRC road maps and frameworks. Besides Governance, currently we have supplementary narratives, roadmaps and frameworks for Code-of-Conduct, Tone-at-the-Top, Succession Planning, Bribery, Fraud and Corruption, Corporate Social responsibility, IT-Security and Data Breaches.

The primary aim of the framework, besides providing a customized, structured long term development approach is to ensure that each framework, can be measured, managed and monitored. Several frameworks also have an IT tool to monitor an annual assessment. Copenhagen Compliance frameworks can be instrumental in restoring global trust in business and management of future (financial) crisis.