

# Enterprise-wide Risk Policy

## The Assignment

The client, a chemicals manufacturing organization in India, needed to implement an enterprise-wide risk management policy to identify potential events, manage risk to be within its risk appetite, and to gain a clear view of its overall risk level.

## Our Solution

In order to establish an ERM framework we recommended the following:

**Establishment of Risk management steering committee** to establish a senior management level committee to provide oversight of the implementation of the ERM Framework.

**Delineation of roles and responsibilities for risk management.** These included the definition of roles for Board of directors & CEO, senior management, business units, support functions (i.e. Legal, HR, IT, etc.), Internal Audit & Compliance and risk management

**Definition of ERM methodology of the company** - Definitions of key risk terms, descriptions of roles and responsibilities, and clear procedures for risk identification, assessment, measurement, mitigating, monitoring, and reporting.

**Risk appetite statement formalization** to accommodate the client's strategic direction and objectives and clearly outline the firm's capacity to take risk and its tolerance for potential loss

**Risk identification** via risk control self-assessment (RCSA) approach; coordinated by risk management and conducted with subject-matter-experts to identify applicable risks, inherent risk levels, quality of internal controls, and residual risk levels.

**Risk prioritization** – The results of the RCSA for each business unit were used to prioritize key risks based on the residual risk levels

**Risk mitigation plans** were established by taking a risk-based approach to address the areas with the greatest control weaknesses and largest potential for loss.

## Takeaways for the Client

- After establishment of the ERM framework, the client was able to gain a clear picture of its overall exposure to risk and improve firm-wide understanding of risks and controls.
- There was better alignment of risk appetite and strategy and more efficient use of resources.
- Board and senior management oversight was facilitated wrt risk management and internal control was enhanced with the reporting results of monitoring and assessment activities, establishing a culture of risk awareness.

### ASSIGNMENT DETAILS

- ▲ **SECTOR**  
MANUFACTURING
- ▲ **DOMAIN**  
RISK MANAGEMENT
- ▲ **GEOGRAPHY**  
INDIA
- ▲ **PROJECT DURATION**  
12 Months