

# **ENTERPRISE RISK MANAGEMENT A CRUCIAL EVOLUTION PATH ALSO FOR “NON-FINANCIAL COMPANIES”**

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OpCo  
GOALS & MEDIUM/LONG  
TERM SUSTAINABILITY

EXTERNAL FACTORS, SUCH  
AS  
**UNCERTAINTY**  
**COMPLEXITY**  
**DYNAMISM**  
HAVE AN IMPACT ON  
ENTERPRISE  
GOALS & SUSTAINABILITY

**ERM IS A COMPANY “ANSWER”  
TO ENSURE THE ACHIEVEMENT  
OF COMPANY OBJECTIVES AND  
MEDIUM/LONG TERM  
SUSTAINABILITY FOR THE  
CREATION OF SUSTAINABLE  
VALUE FOR STAKEHOLDERS**



ERM IS A PROCESS,  
EFFECTED BY AN ENTITY'S BOARD OF DIRECTORS,  
MANAGEMENT AND OTHER PERSONNEL,  
APPLIED IN STRATEGY SETTING AND ACROSS THE  
ENTERPRISE,  
DESIGNED TO IDENTIFY POTENTIAL EVENTS  
THAT MAY AFFECT THE ENTITY, AND MANAGE RISK TO BE  
WITHIN ITS RISK APPETITE, TO PROVIDE REASONABLE  
ASSURANCE REGARDING  
THE ACHIEVEMENT OF ENTITY OBJECTIVES



*(DEFINITION FROM COSO ERM FRAMEWORK 2004)*

# ERM OPPORTUNITIES

STRATEGY AND OBJECTIVES  
IN VIEW OF RISK APPETITE

INFORMED DECISIONS

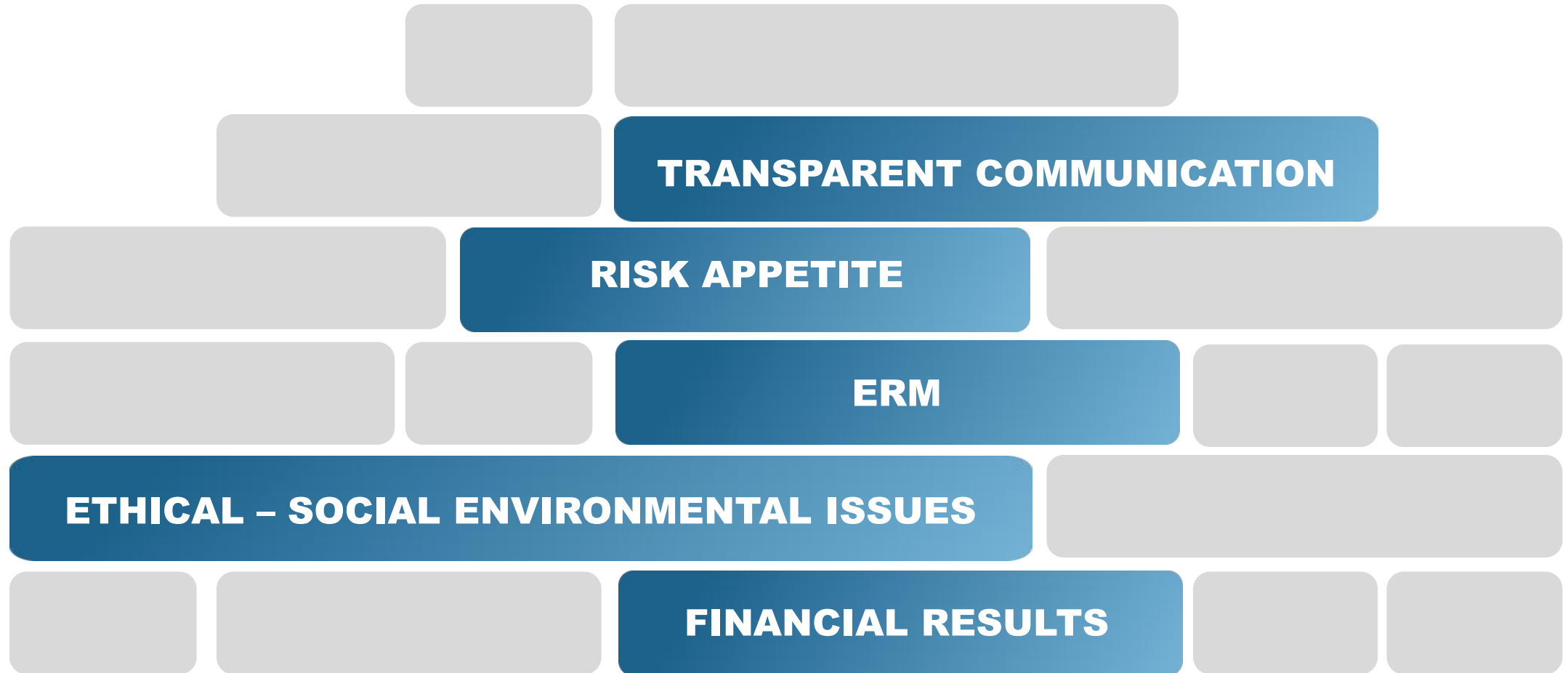
LOSS LIMITATION

REDUCTION OF INSURANCE  
AND HEDGING COSTS

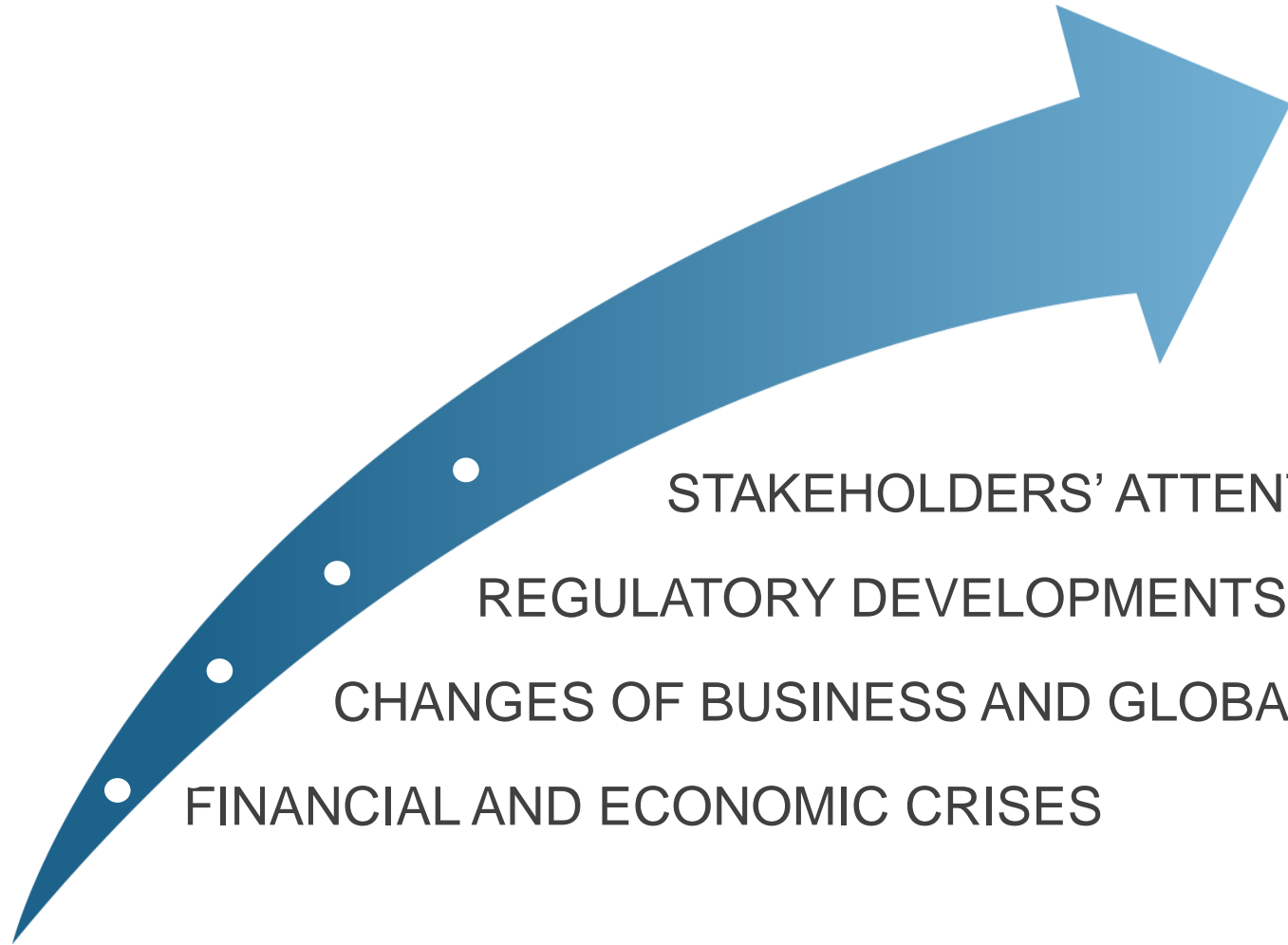
ACCOUNTABILITY

PROTECTION OF  
BRAND REPUTATION

# BRAND REPUTATION



# “ENTERPRISE” APPROACH



STAKEHOLDERS' ATTENTION TO SUSTAINABILITY

REGULATORY DEVELOPMENTS

CHANGES OF BUSINESS AND GLOBALIZATION MODELS

FINANCIAL AND ECONOMIC CRISES

# “INSURANCE” APPROACH

# IMPLEMENTATION OF ERM SYSTEM VARIES FROM SECTOR TO SECTOR

## FINANCIAL SECTOR

«REGULATORY DRIVEN» APPROACH

WIDE AVAILABILITY OF HISTORICAL DATA

## NON-FINANCIAL SECTOR

GUIDELINES - REFERENCE FRAMEWORK

NO-STANDARD ERM MODEL

# THE CONTEXT OF REFERENCE FOR NON-FINANCIAL COMPANIES

## FRAMEWORK

- COSO
- ISO 31000:2009
- RATING AGENCIES

## LOCAL REGULATIONS & STANDARDS (e.g. Italy)

- LEGISLATIVE DECREE 231/01
- CONSOLIDATED LAW ON FINANCE
- LEGISLATIVE DECREE 254/16
- CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES

- ▶ FRAMEWORK AND LOCAL REGULATIONS PROVIDE GUIDELINES, REQUESTS FOR DISCLOSURE AND GUIDANCE ON GOVERNANCE
- ▶ THEY DO NOT CONSTITUTE OPERATIONAL GUIDANCE FOR THE DEVELOPMENT OF METHODS TO EVALUATE OPERATIONAL RISKS



# THE GOVERNANCE OF AN ITALIAN COMPANY IN THE ERM MODEL

## CORPORATE BODIES

### BOARD OF DIRECTORS

***DIRECTORS IN CHARGE***

***CONTROL AND RISK COMMITTEE***

### BOARD OF STATUTORY AUDITORS

## ORGANIZATIONAL STRUCTURES

— Third Control Level —

***INTERNAL AUDIT***

— Second Control Level —

***RISK OFFICER • MANAGER IN CHARGE  
OPERATIONS CONTROL •  
OPERATIONAL/LEGAL  
COMPLIANCE • ETHICS OFFICER...***

— First Control Level —

***RISK OWNER***

## IN NON FINANCIAL COMPANIES ERM PROCESSES CAN BE CONSIDERED ALMOST SIMILAR



## OPERATIONAL RISKS

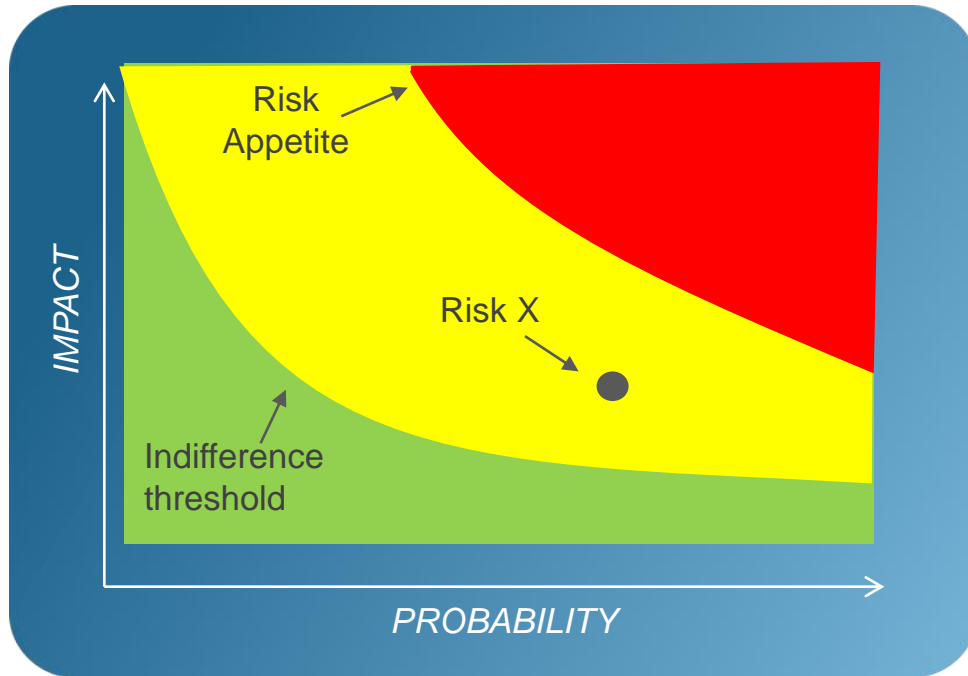
### ARE “CORE RISKS”

FOR NON-FINANCIAL COMPANIES  
(IMPACT ON BRAND REPUTATION)

AND

ARE CLASSIFIED INTO PRIMARY RISKS (FOCUS ON PREVENTION) AND INTERCONNECTED RISKS (FOCUS ON IMPACTS MITIGATION)

# RISK ASSESSMENT METHODS ARE BASED ESSENTIALLY ON IMPACT AND PROBABILITY



IN NON-FINANCIAL SECTOR:

THE LIMITED NUMBER OF OpCo  
HISTORICAL TRENDS

AND

THE FEW GLOBAL DATA FOR  
COMPARABLE EVENTS

HAVE LED COMPANIES TO  
DEVELOP MOSTLY QUALITATIVE  
ASSESSMENT METHODS

## TAKEAWAYS FOR THE EVOLUTION OF ERM IN NON-FINANCIAL COMPANIES

- GREATER INTEGRATION IN STRATEGIC PLANNING
  - DEVELOPMENT OF QUANTITATIVE MODELS FOR THE MANAGEMENT OF OPERATIONAL RISKS
  - DEVELOPMENT OF «GLOBAL» DATABASES FOR COMPARABLE EVENTS