

Enterprise Risk Management

December 11, 2020

will begin shortly ...

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Occidental**

Enterprise Risk Management

Presented by

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Enterprise Risk Management

- What is it?
- What value does it bring?
- The ERM Process
- Aligning Risk to Strategy

Poll #1

What is it?

ERM = A Portfolio View of Risk

- A consistent, systemic and integrated enterprise-wide approach to risk management
- Achieved by identifying risk (and opportunity)
- Responding based on risk appetite and tolerance
- To increase stakeholder value

Value Proposition

- Wholistic view of the environment
- Clear alignment around risk appetite
- Platform for the strategic plan

Poll #2

Building the ERM Process

Best Practices

- Executive-level sponsorship
- Continuous improvement and feedback
- Integrate ERM into a company's existing organizational framework and culture

Questions to Ask

- What is your organization trying to create?
- What is it trying to protect?
- What needs to go right for our strategy to succeed?
- How do we identify and manage risk today?
- Who should lead ERM?
- What tools are required?






Risk Register

Focus on risks > the risk tolerance threshold

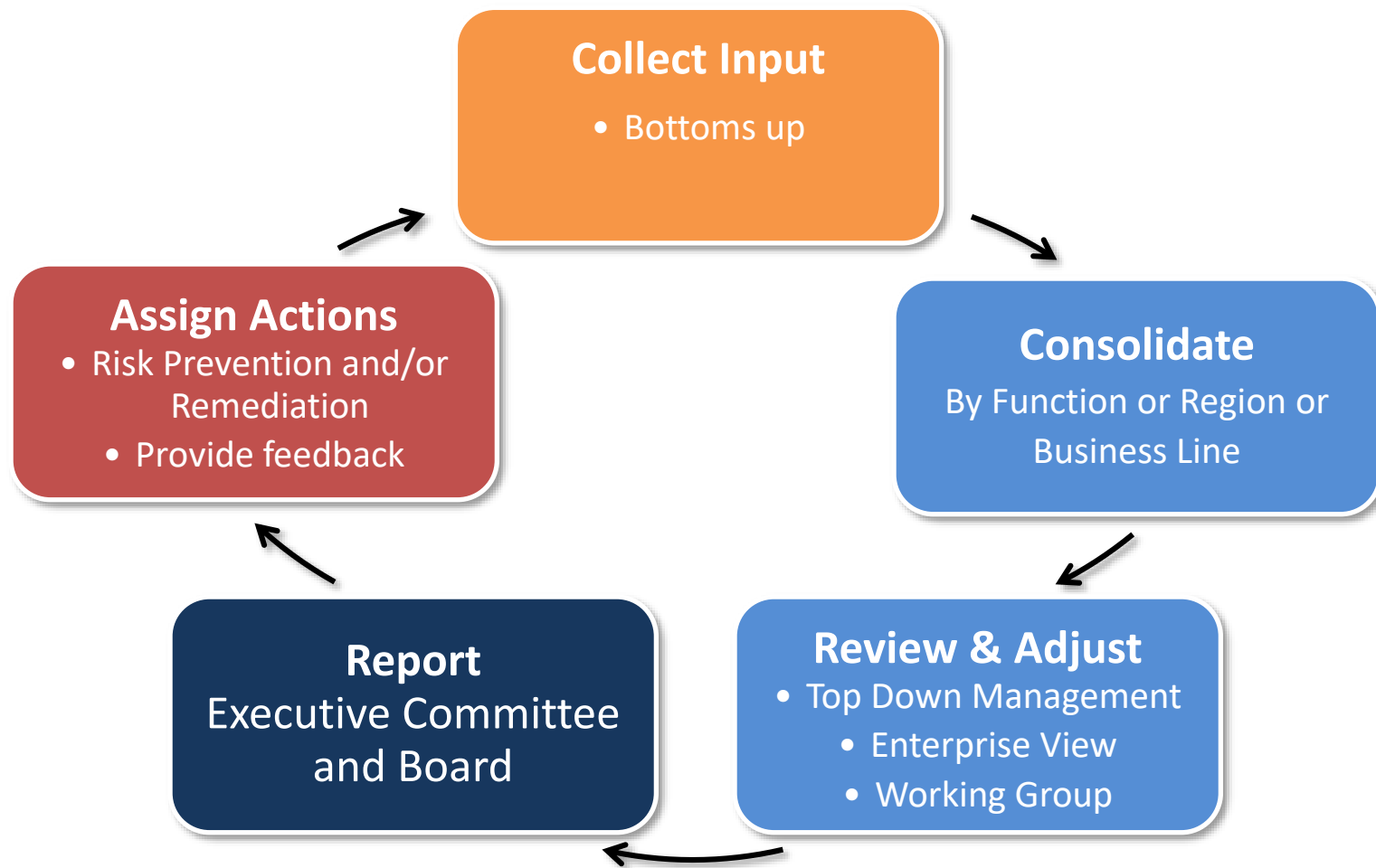
		Potential impact				
		Immaterial	Minor	Moderate	Major	Catastrophic
Probability of Occurrence	Likely					
	Possible					
	Conceivable					
	Unlikely					
	Black Swan					

Action Items / Accountability

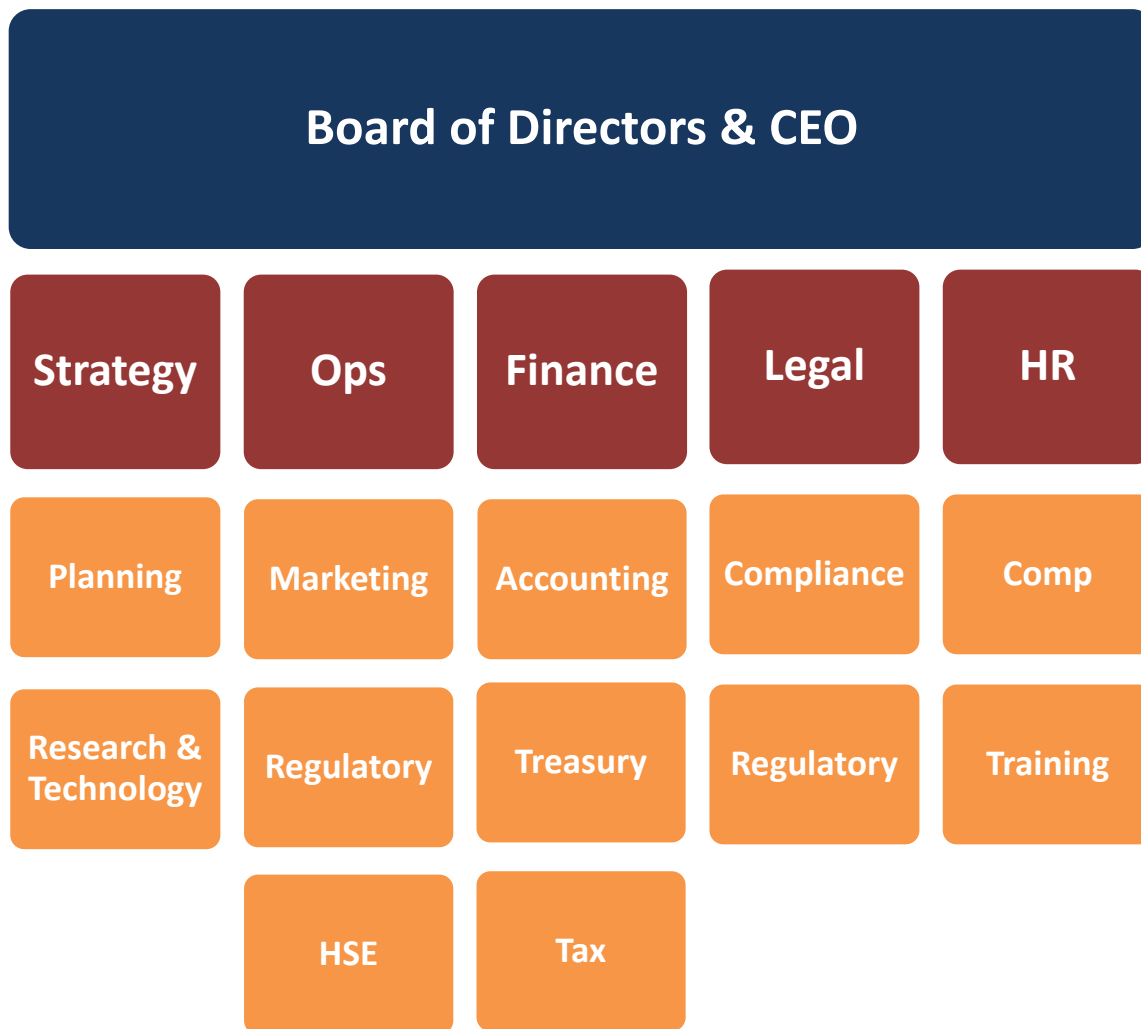
- Delegate the “improvement opportunities” to the risk owners
- Monitor and report progress to the executive committee and the board of directors
- Focus on prevention, barriers and mitigation

Description	Risk Level	Velocity	Category	Exec Owner	Board Owner
Critical equipment failure	Possible Catastrophic		Operations	COO	Board
Shareholder activism	Possible Major		Finance	CFO	Finance Committee
Competitor offers new service model	Likely Moderate		Strategic	CEO	Board
Epidemic or Pandemic	Conceivable Major		Human Resources	CAO	HSE Committee
Destabilization of the Eurozone	Possible Moderate		Political	CEO	Board

The ERM Process



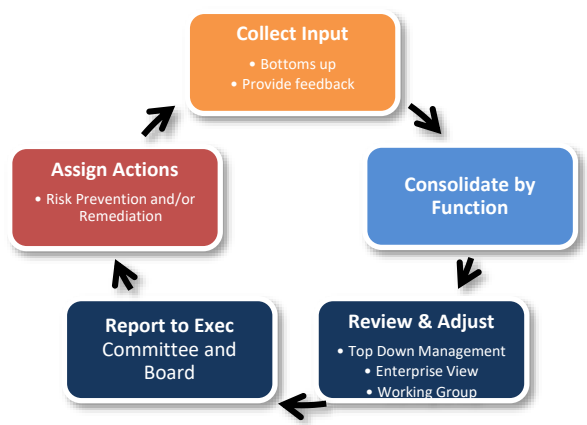
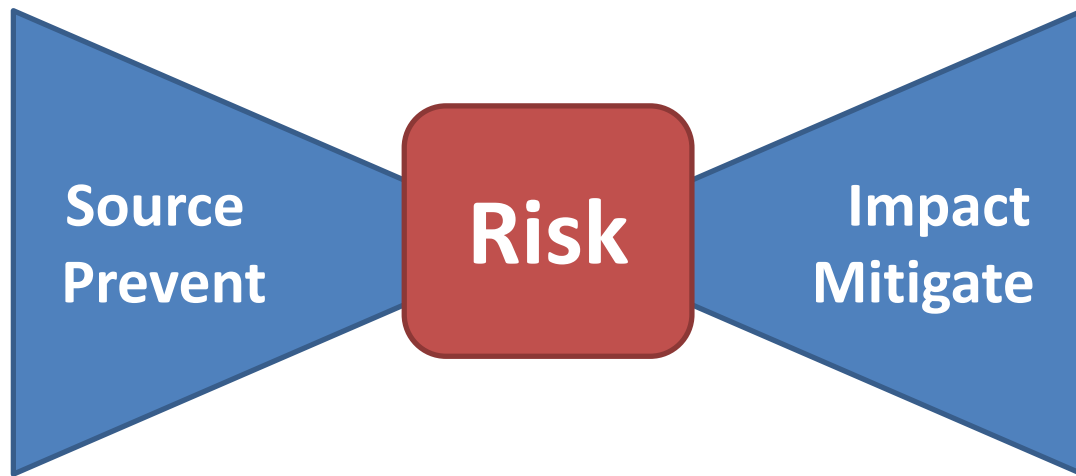
Gain Alignment



- Board-level sponsorship
- Support from the CEO
- Executive sponsor
- Working committee of leaders
- Influencers
- External stakeholders

Poll #3

Prevent or Mitigate the Risks



Function		Magnitude of Potential impact				
		Immaterial	Minor	Moderate	Major	Catastrophic
Probability of Occurrence	Likely					
	Possible					
	Conceivable					
	Unlikely					
	Black Swan					

Aligning Risk to Strategy

- Risk Appetite Statement
 - Sets for the level of acceptable risk to achieve the expected benefit of each strategic objective
 - Board-level approval
- Strategic Plan
 - Address all top-quadrant risks
 - Budget the cost to prevent or mitigate
 - Revisit Risk Appetite Statement

Poll #4

Aligning Risk to Strategy

- Challenge assumptions to identify unknown risks
- Become resilient by adapting to continuous change
- Promote a risk-intelligent culture
- Manage your reputation
- Continuously improve your ERM process



ARE THERE ANY QUESTIONS
FOR TODAY'S PRESENTERS?

thank you!

FOR YOUR PARTICIPATION DURING
THIS SESSION!

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