

2021 Brings Risk & Compliance Together Under One Roof

Carrie Penman, Chief Risk & Compliance Officer

Haywood Marsh, General Manager Lockpath Integrated Risk Management and Netclaim



About the Presenters



Carrie Penman

Chief Risk & Compliance Officer

As Chief Risk and Compliance Officer for NAVEX Global, Carrie leads the company's formal risk management processes. She also oversees its internal ethics and compliance activities employing many of the best practices that NAVEX Global recommends to its customers.



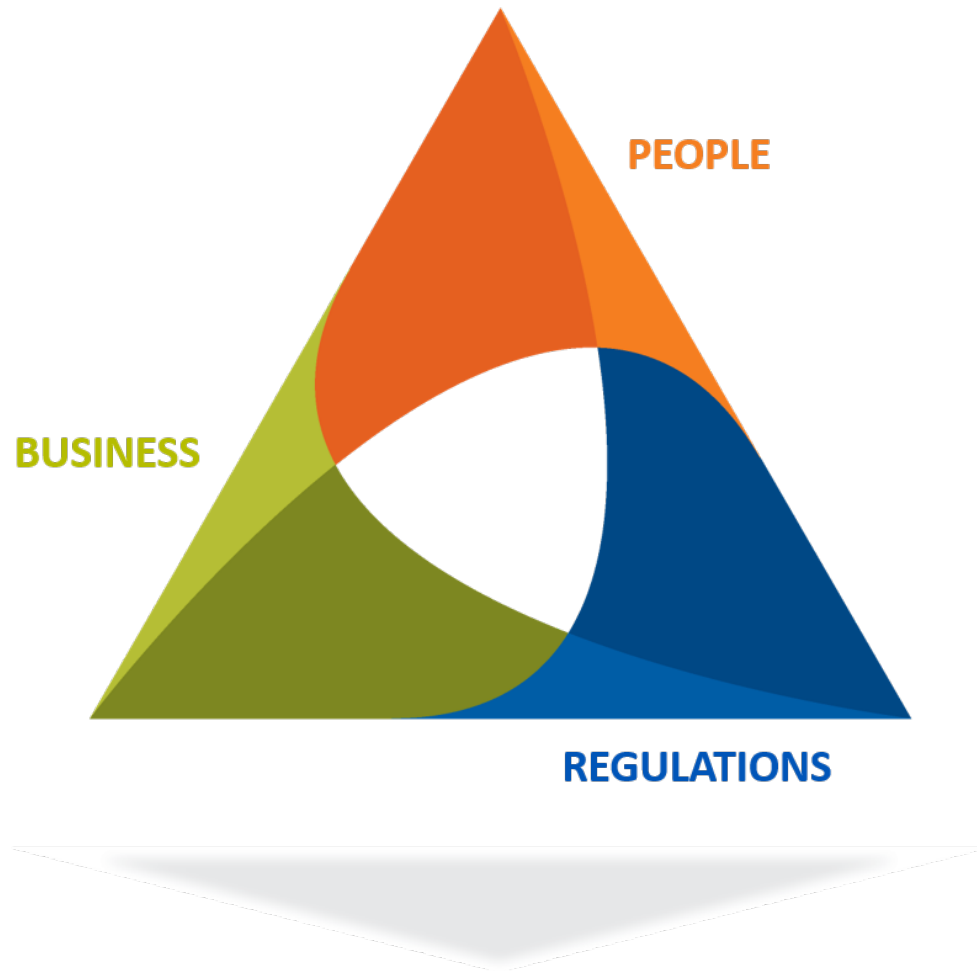
Haywood Marsh

General Manager Lockpath Integrated Risk Management and Netclaim

Haywood leads the Lockpath and NetClaim businesses at NAVEX Global as General Manager. He leverages his experience in operations, marketing, strategic planning, product management and sales to drive the execution of Lockpath's and NetClaim's strategies.



Risk Types Are Converging



People Risks

- Ethical Lapses
- Employee Legal Actions
- Reputational Damage
- Recruitment & Retention

Regulatory Risks

- Bribery, Fraud & Corruption
- Discrimination
- Conflict of Interest; Insider Trading
- Wage & Hour Issues

Business Risks

- IT Risk, Data Security & Privacy
- Vendor / 3rd Party Management
- Business Continuity
- Health & Safety

2021 Prediction: Integrating Risk Data Will Be Key for Success

“In 2021, organizations will further integrate their compliance, IT, operational, reputational, third-party, and ESG risk management processes and practices.”





DOJ Updates Guidance for Effective Compliance Programs – 2020

“Adequately resourced and empowered to function effectively”

• **Key Themes**

- Basis – Why and how decisions are made
- No One-Size-Fits-All – Organizational factors considered
- Lessons Learned – Internal and external sources of data
- Significance of Data – Cross-functional access; use in risk management and organizational decision-making

• **Key Takeaways**

- Dynamic versus static programs
- Designed program and roadmap
- Properly resourced and functional access
- Risk-based approach including for 3P's and M&A's
- Analytics and documentation trail
- ***Prove it with cross-functional access to data!***



2020 COSO Enterprise Risk Management Update

Figure 1.3 Risk Management Components - The 20 Principles



Governance & Culture

1. Exercises Board Risk Oversight
2. Establishes Operating Structures
3. Defines Desired Culture
4. Demonstrates Commitment to Core Values
5. Attracts, Develops, and Retains Capable Individuals



Strategy & Objective-Setting

1. Analyzes Business Context
2. Defines Risk Appetite
3. Evaluates Alternative Strategies
4. Formulates Business Objectives



Performance

1. Identifies Risk
2. Assesses Severity of Risk
3. Prioritizes Risks
4. Implements Risk Responses
5. Develops Portfolio View



Review & Revision

1. Assesses Substantial Change
2. Reviews Risk and Performance
3. Pursues Improvement in Enterprise Risk Management



Information, Communication, & Reporting

1. Leverages Information and Technology
2. Communicates Risk Information
3. Reports on Risk, Culture and Performance

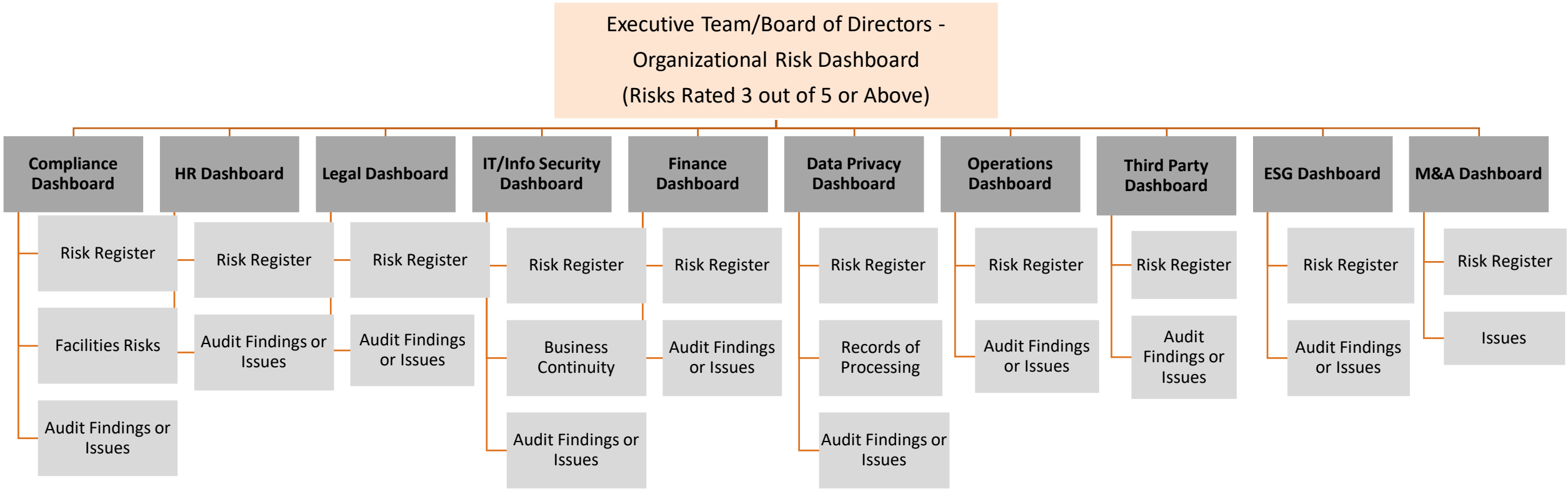
Source: COSO Enterprise Risk-Management—Integrating with Strategy and Performance

Risk Management Silos



- + Each has different focuses, requirements, frameworks and standards.
- + Often, they have different systems, tools, and processes and are reluctant to change.
- + If they see the need for data, they're using human beings to export, evaluate, normalize, and report on the information.
- + The process is often slow, expensive, and the resulting decisions aren't in context

Risk Tracking Hierarchy



Risks Ranked from 1-5: Rank of 1 or 2 = Green; 3 = Yellow; 4 and 5 =Red



Integrated Risk Management is Evolving

- Dynamic social, regulatory, and economic pressures require an integrated approach to risk management
- Companies that evolve and meet these new demands will have the advantage



Key Takeaways and Steps for Organizations to Take

1. Cultivate Support for Integrated Risk Management
2. Clarify Roles and Responsibilities
3. Define Risks and Mitigation Steps
4. Develop Monitoring and Reporting Capability





Thank You!

