

IPA Governance Forum

Risk Management - *differentiating lipsticks from detonators*

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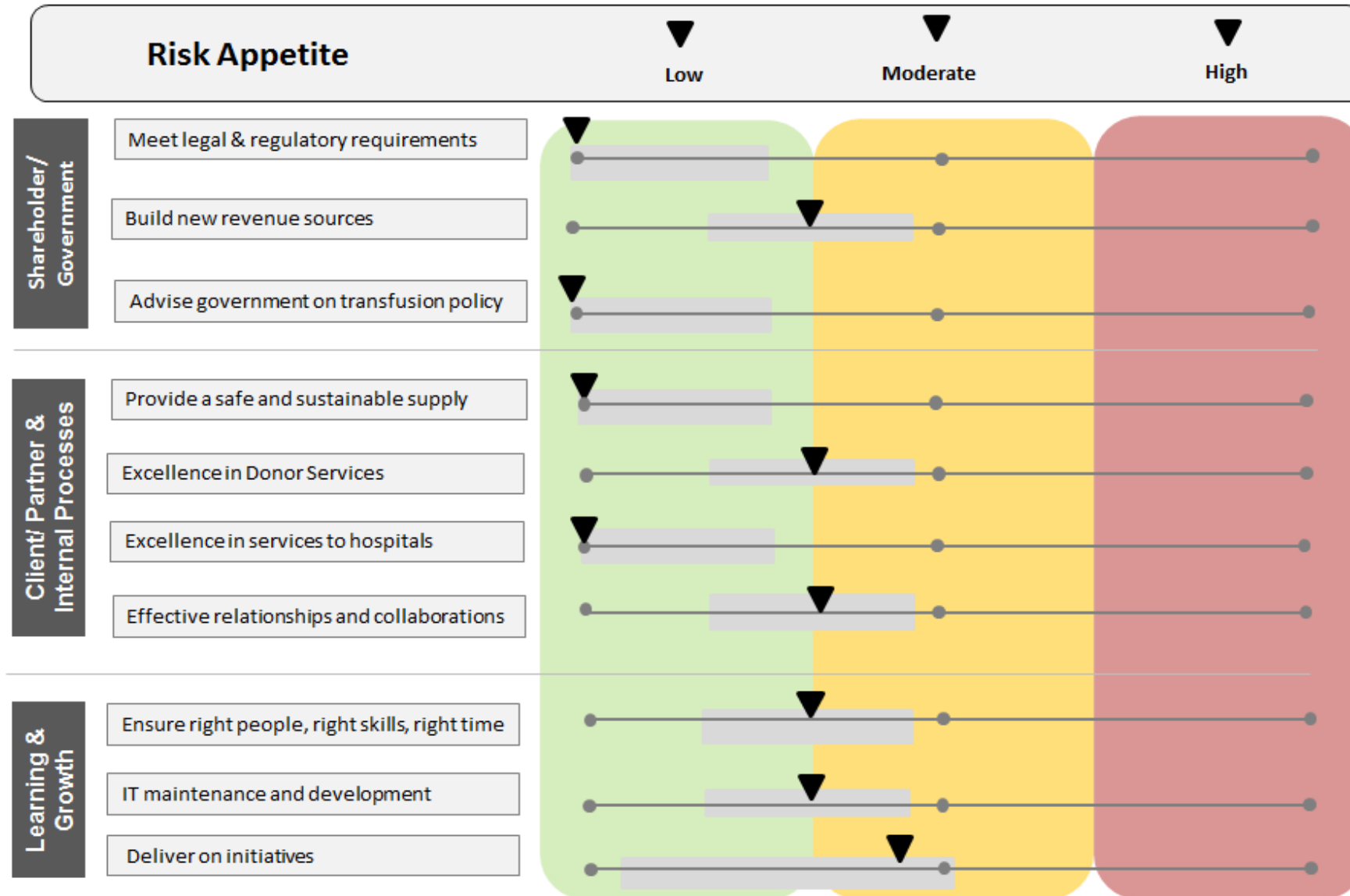
Personal experience covers the spectrum of risk appetite...

- **Goodbody** *Risk is our business*
- **Kingspan** *Risk is opportunity*
- **IBTS** *Risk can be fatal*

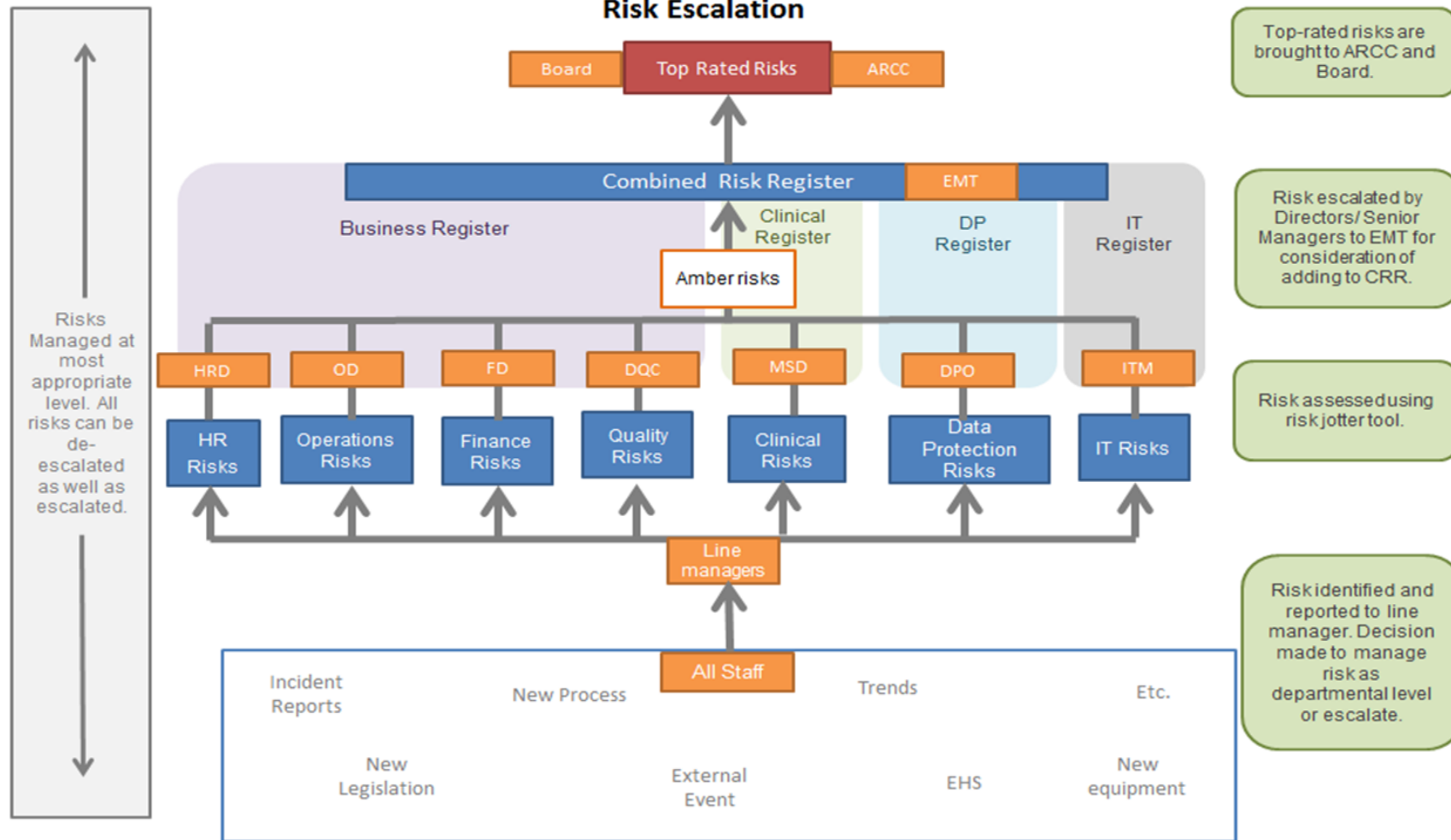
How these organisations manage risk - common themes:

- Risk appetite is set from the top, *after collaborative process with management , and is clearly expressed*
- Risk management is owned by individual business units, *and supported by group functions*
- Risks are escalated *up to the level necessary*

IBTS - Risk Appetite



IBTS - Risk Escalation



Kingspan Group Plc - Risk Management

- Overall responsibility lies with the board who insures appetite is set at appropriate level
- Audit committee assists the board through taking delegated responsibility for risk identification and assessment, reviews risk management and internal controls and makes recommendations to board
- Audit Chair reports to board at every board meetings on audit and risk matters
- Board monitors Group risk management through consultation with Audit Committee and through monthly divisional meetings attended by minimum of two executive directors
- Annual review of risk assessment performed by Audit committee whereby divisional management are asked to evaluate group wide risks identified by board and present additional risks specific to their business

Source :Kingspan Annual Report 2017

Kingspan Group Plc - Risk Management

Risk	Actions to mitigate
Volatility in the macro environment	Partially mitigated through geographic and product diversification
Failure to innovate	Continual review of each divisions product portfolio at executive and local management level
Product failure	Certification, quality control specialists and audits
Business interruption	Preventative maintenance, business continuity, diversified supplier base and IT upgrades
Credit Risks and credit control	Controlled at business unit level, strong credit control and credit insurance
Employee development and retention	Controlled at business unit level to attract develop and retain appropriate skills
Fraud and cybercrime	Review of systems by divisional management and internal audit
Acquisitions and integration of new business	Rigorous assessment internally and by external advisors to ensure acquisitions meet all strategic and financial criteria

Source: Kingspan Annual report 2017

Effective oversight from board of directors -IBTS experience

- Board's effectiveness in overseeing risk is influenced by its expertise, how it functions, and how it engages with executive management
- IBTS members have expertise in key risk areas: medical, legal, financial, HR and Quality Control, which naturally feeds the membership of Medical Advisory, Audit & Risk and Finance Committees
- Engagement from full board is important for truly effective risk management - sometimes non-experts ask the best questions
- Chair's responsibility to encourage board members to come out of their expert silos
- Avoid agenda fatigue - mix it up!

Managing new risks



