

# 2012 Federal Enterprise Risk Management Summit Communication and Practical Application in a Corporation



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## Our Beliefs

Respect  
Collaboration  
Excellence  
Integrity  
Community



# Overview of ERM Methodology

- Identify and articulate risks
- Identify existing mitigation, avoidance, transfer and control mechanisms
- Determine optimal level of risk
- Constantly adjust to optimize
- Monitor and refine

# Possible Sources of Risk

- Natural Disaster
- Competition
- Disruptive Technology
- Strategy Execution Risk
- Political Instability
- M&A and JV activity
- Government Spending
- Product Warranty
- Capacity
- Tax Planning
- Information Technology
- Customer Relationships
- D&O Liability
- Succession
- Liquidity
- Environmental Liability
- Cyber Attacks
- Pandemic Risk
- Supply Chain Risk
- Social Media
- Financial Risk
- Talent Availability
- Regulatory Compliance
- Safety
- Foreign Exchange
- Labor Interruption
- Volume
- Product Recall
- Pension Funding...

Definition of risk {Ariel 14} Provide a headline definition of the risk to be managed

## Risk Management Objective

List objectives of risk management. {Ariel 10}  
 This should be a description of the one to three key risk management objectives associated with this overall risk category

## Key Risk Metrics

Name	Target Range	Current	Trend
Name of metric {Ariel 10}	Identify target range for metric {Ariel 10}	Quantify current value of metric	Identify trend using scale below

Risk metrics should address measurement of the effectiveness of risk control actions (lagging indicators) and where possible provide predictive information about a changing risk environment (leading indicators)

## Risk Drivers

- List risk drivers {Ariel 10}
- List the main drivers of the risk, these should be a comprehensive list of the issues that significantly contribute to the potential non-achievement of one or more of the risk management objectives

## Perceptions of Risk Exposure

Identify factors influencing current perception of risk exposure {Ariel 10} This provides a narrative to support the conclusions regarding potential impact and likelihood

<b>Potential Impact</b>	Identify Impact using impact scale chart
<b>Potential Likelihood</b>	Identify likelihood using scale chart

<b>Risk Management</b>	<b>Risk owner</b>	Identify Owners of risk with names and titles {Ariel 10}
	<b>Current risk management activities</b>	<ul style="list-style-type: none"> <li>List current risk management actions {Ariel 10} Risk management activities should relate to the avoidance, transfer, mitigation or control of one or more of the risk drivers identified on page 1</li> </ul>
	<b>Planned risk management activities (Targeted completion date)</b>	<ul style="list-style-type: none"> <li>List planned risk management actions with targeted completion dates in parentheses {Ariel 10} Where gaps have been identified in the management of risk drivers above, plans should be made to introduce processes to avoid, transfer, mitigate or control the risk diver.</li> </ul>
<b>Integration</b>	<b>Current state of integration</b>	<ul style="list-style-type: none"> <li>Identify how well these activity is currently performed throughout the company, where there is need for improvement and how we ensure consistency of approach {Ariel 10}</li> </ul>
	<b>Planned integration actions</b>	<ul style="list-style-type: none"> <li>Identify planned actions to improve integration with targeted completion dates in parentheses {Ariel 10}</li> </ul>

**Prepared By:** \_\_\_\_\_

**Reviewed By:** \_\_\_\_\_

**ERM team Review:** \_\_\_\_\_

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# Thank You

*feel good  
about driving*



*better fuel economy  
reduced emissions  
great performance*