



RISK MANAGEMENT

EMBEDDING RESILIENCE: ALIGNING BUSINESS STRATEGY WITH RISK CULTURE AND GOVERNANCE

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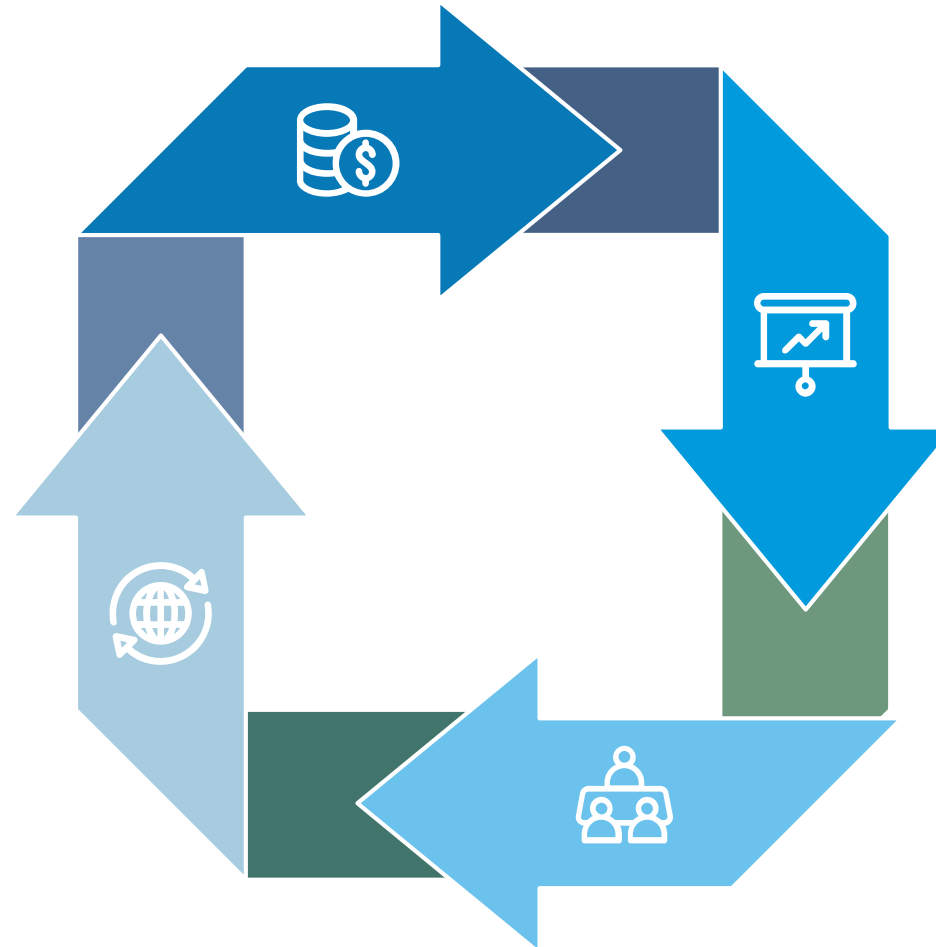
Analysing Organisation Model

Organisational Resilience

- Strategies supporting resilience plans
- Single point of failure
- Business continuity and crisis response

External Analysis

- External environment
- PESTLE
- Benchmarking



Structural Overview

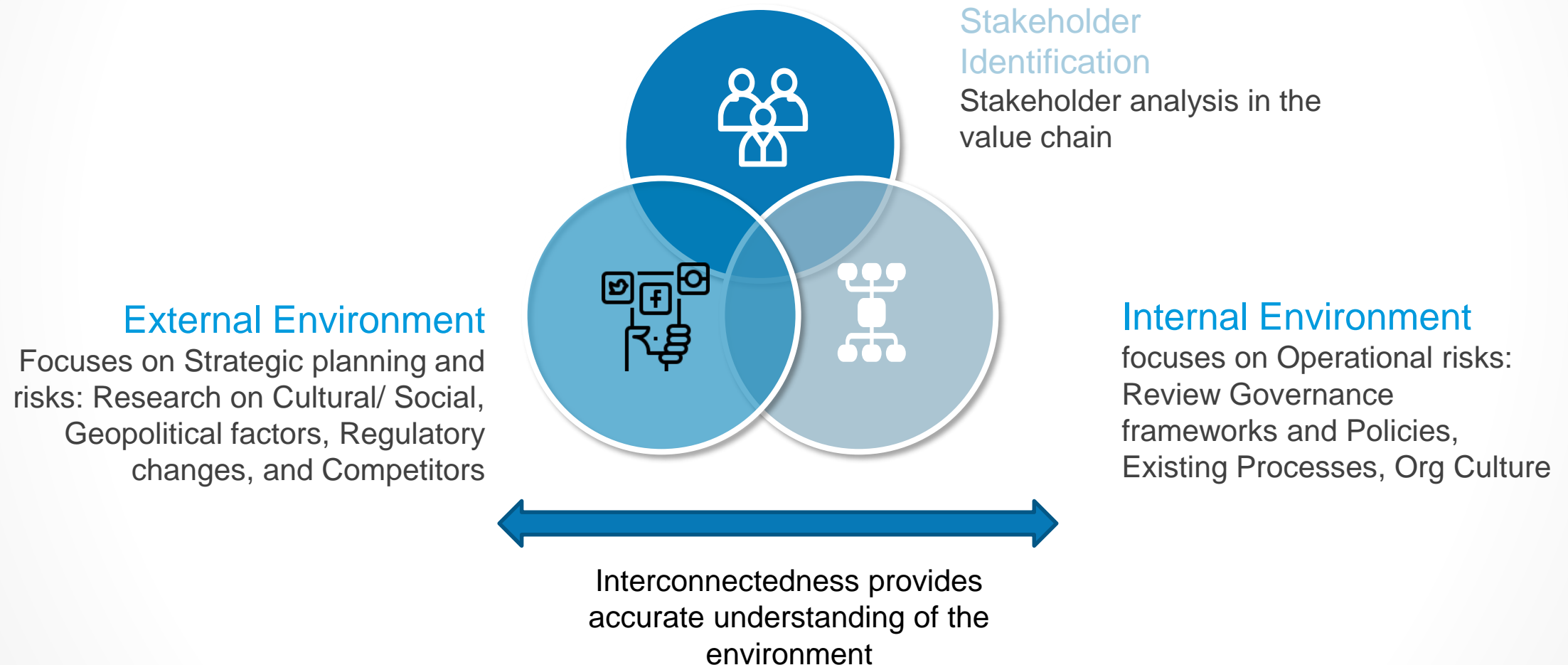
- Business model
- Governance structure
- Legal entity structure
 - Lines of Defence

Internal Analysis

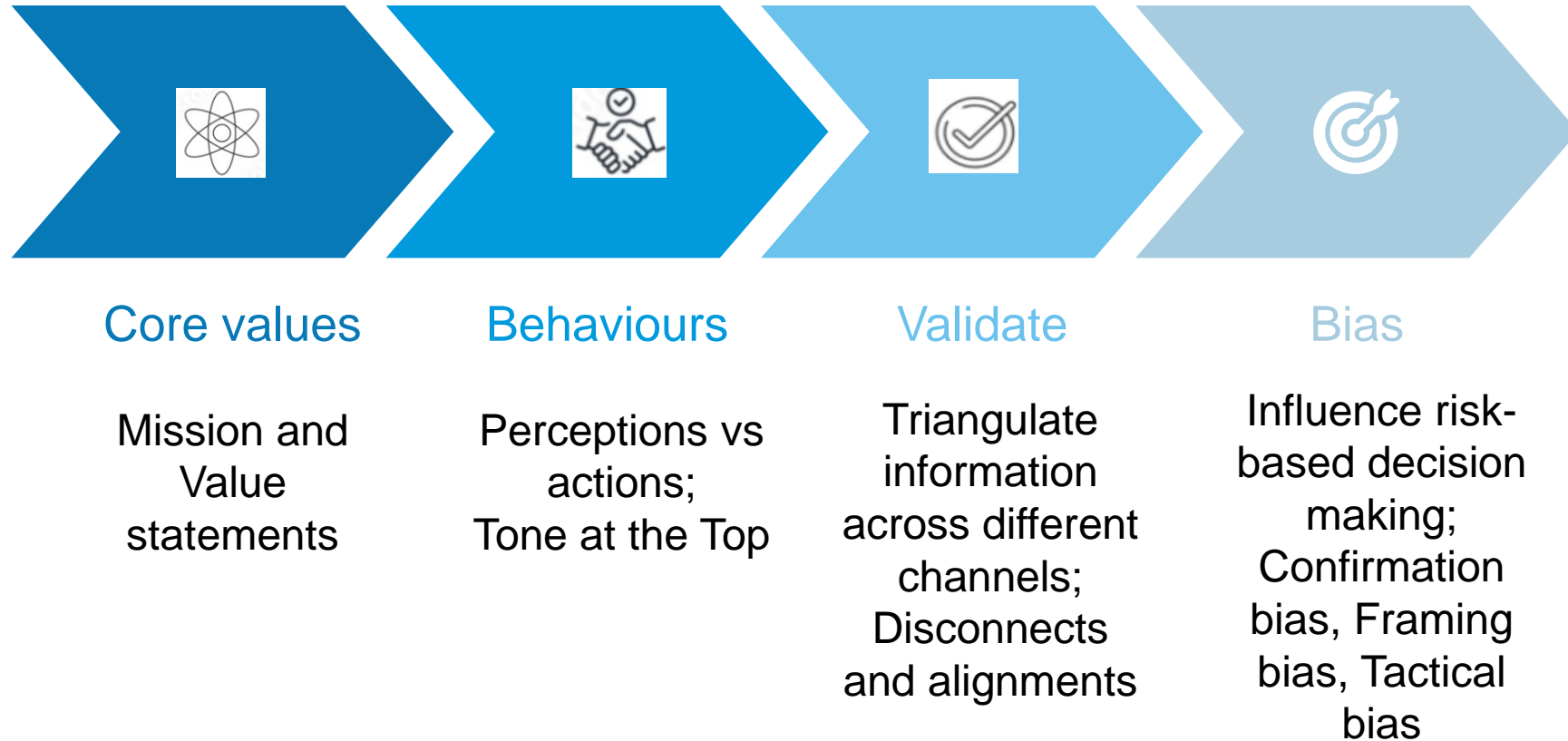
- Internal environment
- Consolidate and validate

Environmental scan

Initial assessment and scope



Organisation Culture



Effectiveness of Risk Management



Risk managers need to be at the front end during strategy setting and goals (e.g. new product launches, new markets), conduct scenario analysis and challenge the assumptions.

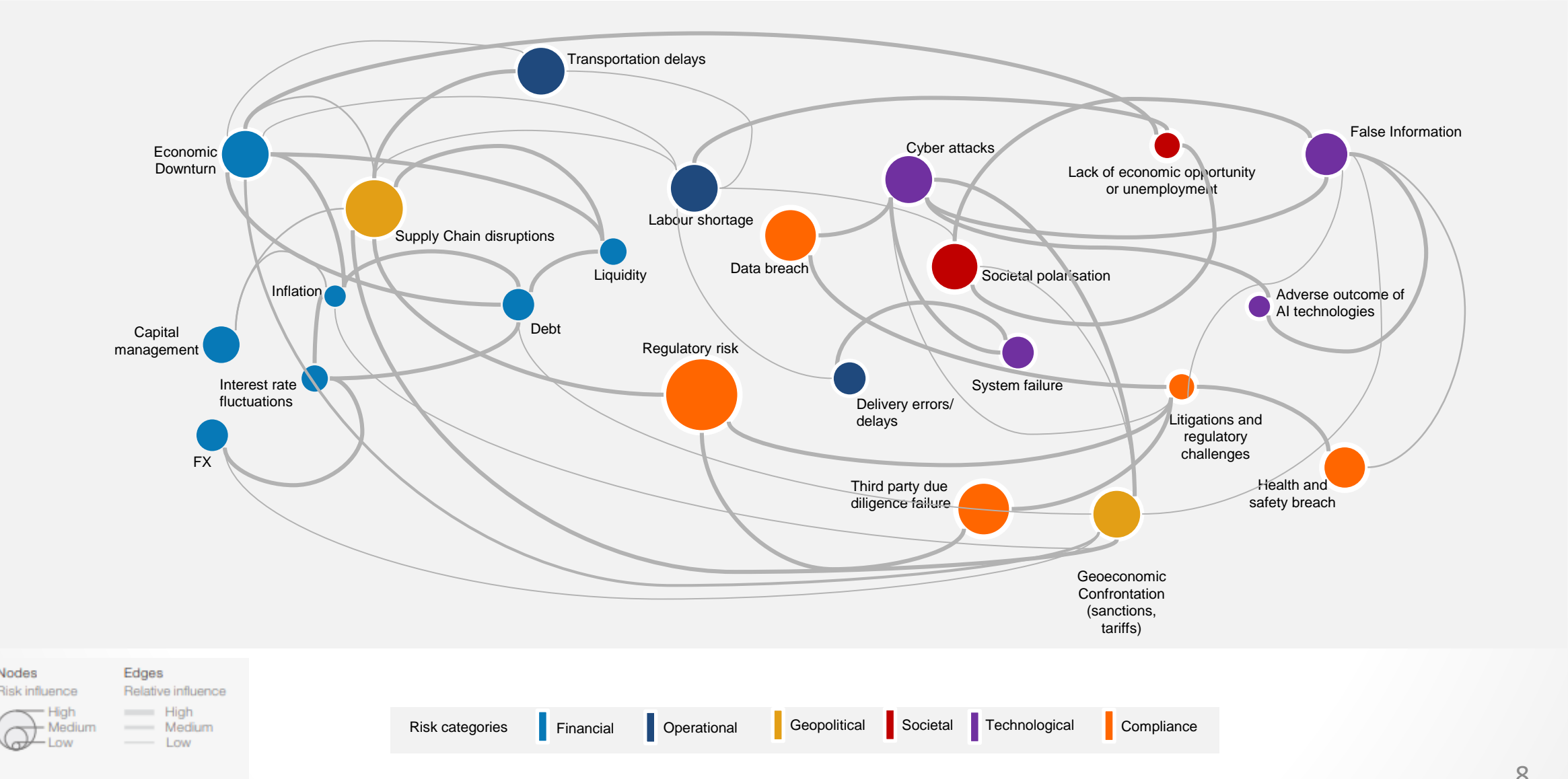


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Need for ERM

Risk landscape: a perspective of risks

While each risk appears to operate in silo, it is often inter-connected and impacts other risks. The below Figure is an illustrative example of the risk landscape.



WEF risks

Global Risks Report 2025

Global risks ranked by severity

Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period.

Short term (2 years)

1 st	Misinformation and disinformation
2 nd	Extreme weather events
3 rd	State-based armed conflict
4 th	Societal polarization
5 th	Cyber espionage and warfare
6 th	Pollution
7 th	Inequality
8 th	Involuntary migration or displacement
9 th	Geoeconomic confrontation
10 th	Erosion of human rights and/or civic freedoms

Long term (10 years)

1 st	Extreme weather events
2 nd	Biodiversity loss and ecosystem collapse
3 rd	Critical change to Earth systems
4 th	Natural resource shortages
5 th	Misinformation and disinformation
6 th	Adverse outcomes of AI technologies
7 th	Inequality
8 th	Societal polarization
9 th	Cyber espionage and warfare
10 th	Pollution

Risk categories ● Economic ● Environmental ● Geopolitical ● Societal ● Technological

Source: World Economic Forum, Global Risks Perception Survey 2024-2025



Singapore

1st	Labour and/or talent shortage
2nd	Economic downturn (e.g. recession, stagnation)
3rd	Inflation
4th	Cyber insecurity
5th	Adverse outcomes of AI technologies

Hong Kong SAR, China

1st	Economic downturn (e.g. recession, stagnation)
2nd	Labour and/or talent shortage
3rd	Geoeconomic confrontation (sanctions, tariffs, investment screening etc.)
4th	Asset bubble burst
5th	Unemployment or lack of economic opportunity

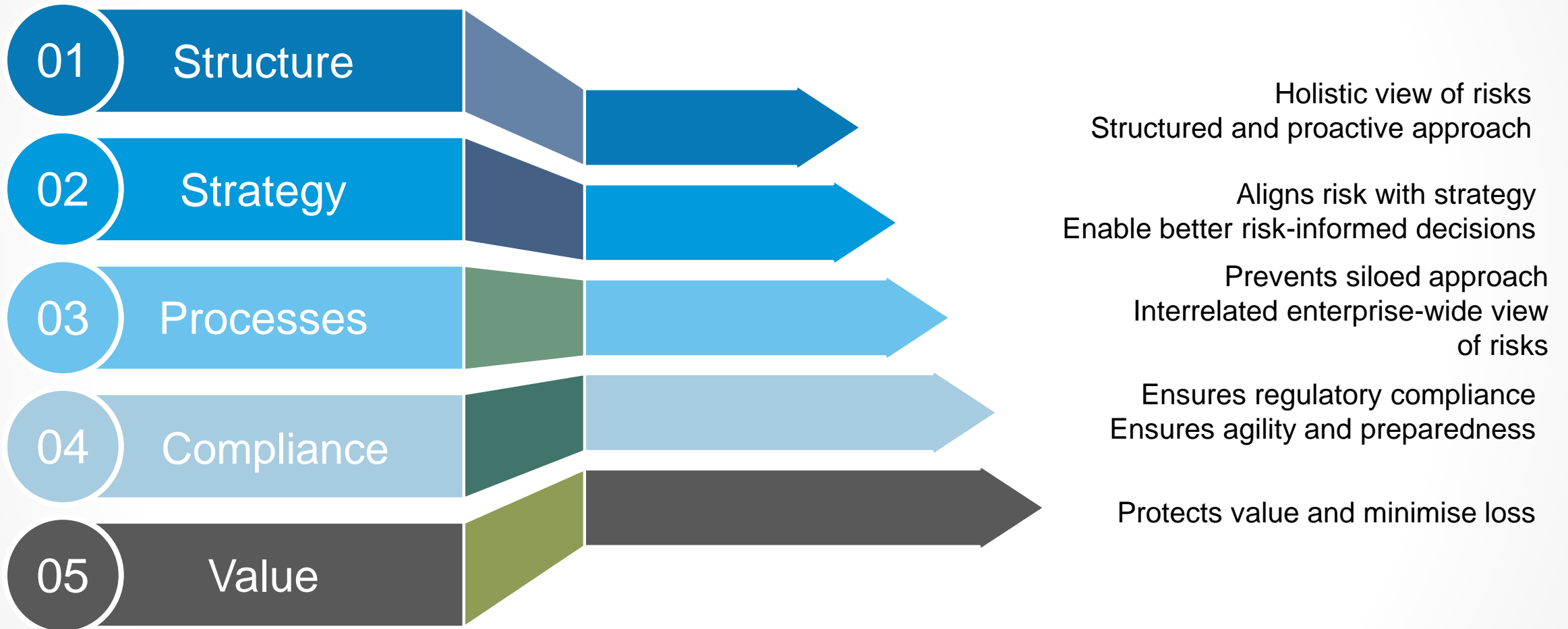
Viet Nam

1st	Adverse outcomes of AI technologies
2nd	Economic downturn (e.g. recession, stagnation)
3rd	Inflation
4th	Labour and/or talent shortage
5th	Water supply shortage

India

1st	Water supply shortage
2nd	Misinformation and disinformation
3rd	Erosion of human rights and/or civic freedoms
4th	Pollution (air water, soil)
5th	Labour and talent shortage

Enterprise Risk Management (ERM): Why it Matters More than Ever

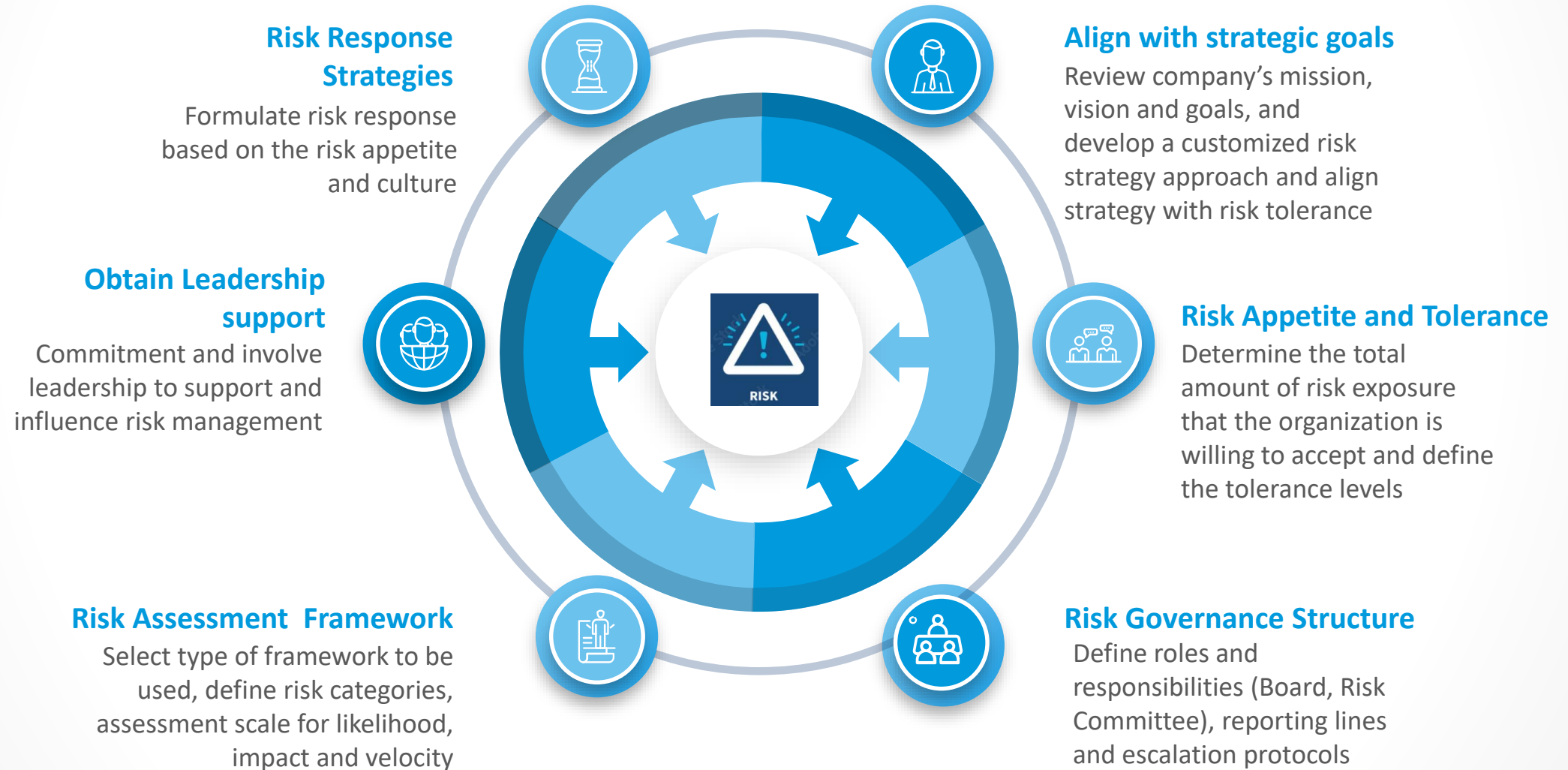




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Designing risk strategy

Risk Strategy Setting



Risk Appetite and Tolerance

Organisations need to make risk-related decisions within a clearly defined risk appetite that is **well understood** and **aligned** across strategic and operational level

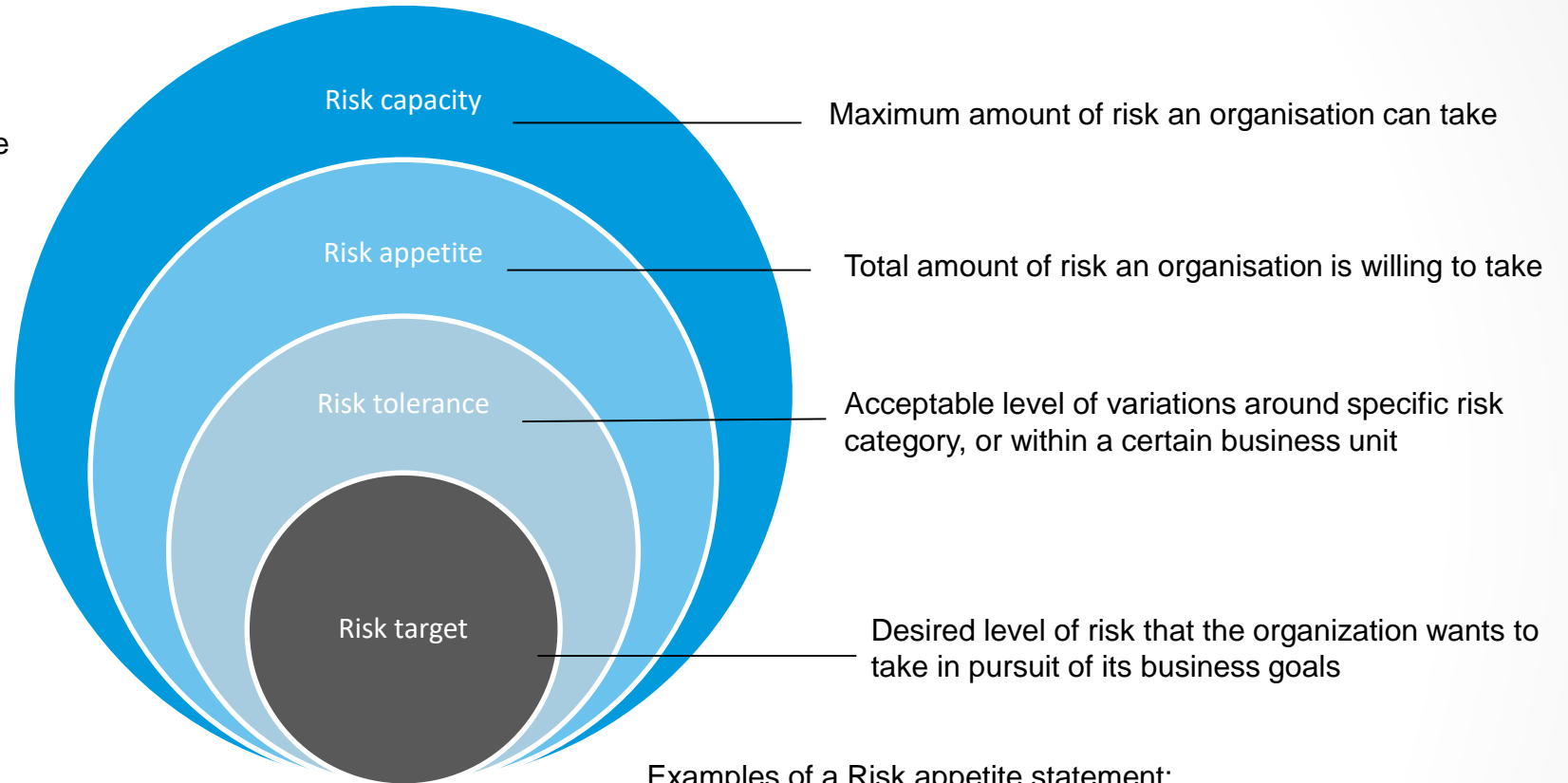
Clear risk appetite statements are a key component, and an effective way to **assess risks** and **develop risk treatment plans**

Set by the **leadership** and decision makers

Define **metrics (key risk indicators)** to evaluate the limits of their risk tolerance, with warnings, to support proactive monitoring

Reduce **exposure** when risk **exceeds tolerance**

Common challenges in developing risk appetite statements include, vague terminology, ensuring consistency with organisational goals, achieving consensus among diverse stakeholders, balancing qualitative and quantitative measures and adapting to continuous changes



Examples of a Risk appetite statement:

Our risk appetite is generally low across most categories. We prioritise financial stability and client satisfaction, with minimal tolerance for operational disruptions. While we are open to exploring new market opportunities, we prefer low-risk ventures that align closely with our core competencies.

Settlement Risk: Failure to settle with merchants due to lack of availability of funds as a result of systemic bank failure. Risk appetite: We have no appetite for the failure to settle with merchants.



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Risk Culture and Governance

Fostering a Culture of Risk Awareness

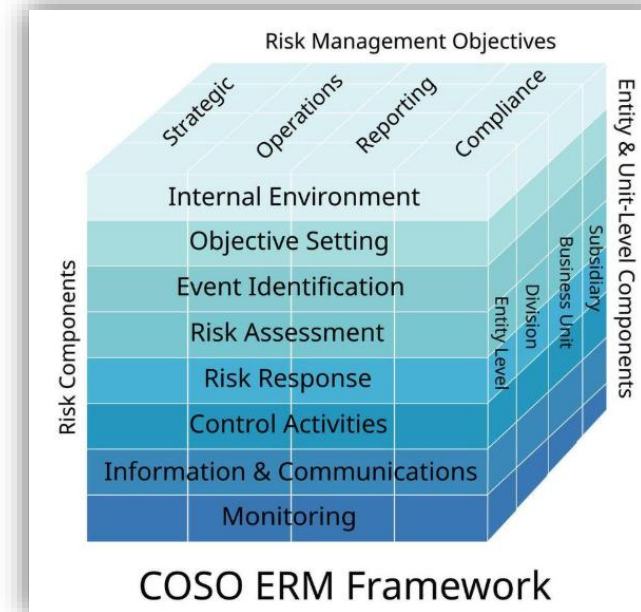


Governance- Definition and Frameworks

Have you ever wondered who's really in charge of managing risks in your organisation?

Risk Governance refers to the framework, roles and responsibilities, and processes that guide how an organisation identifies, assesses, manages, and monitors risk. Provides structure and oversight.

Risk Management Framework popularly and most commonly used are ISO 31000, COSO ERM



Poll: What are your biggest risk concern today- Compliance, Operational or Strategic?

Governance- Key Objectives



Strategy



Align risk strategy with the business



Structure



Manage risks effectively by clearly defining roles and responsibilities



Processes



Enable informed decision-making
Ensure compliance with timely reporting



Rewards



Align incentive structures with risk awareness
Reward risk owners through incentives



People



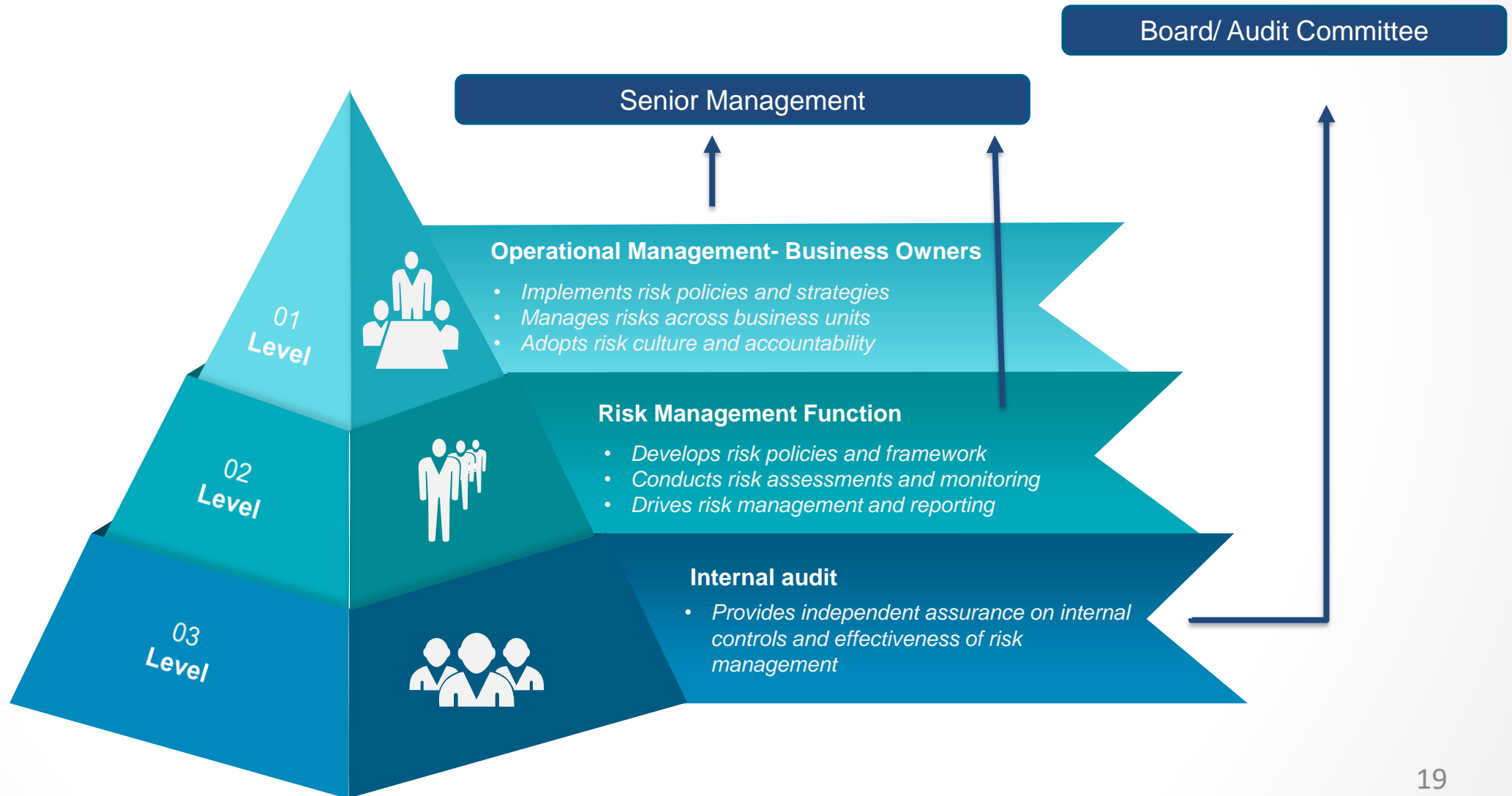
Foster a risk-aware culture
Protect shareholder value

Why Risk Governance Matters

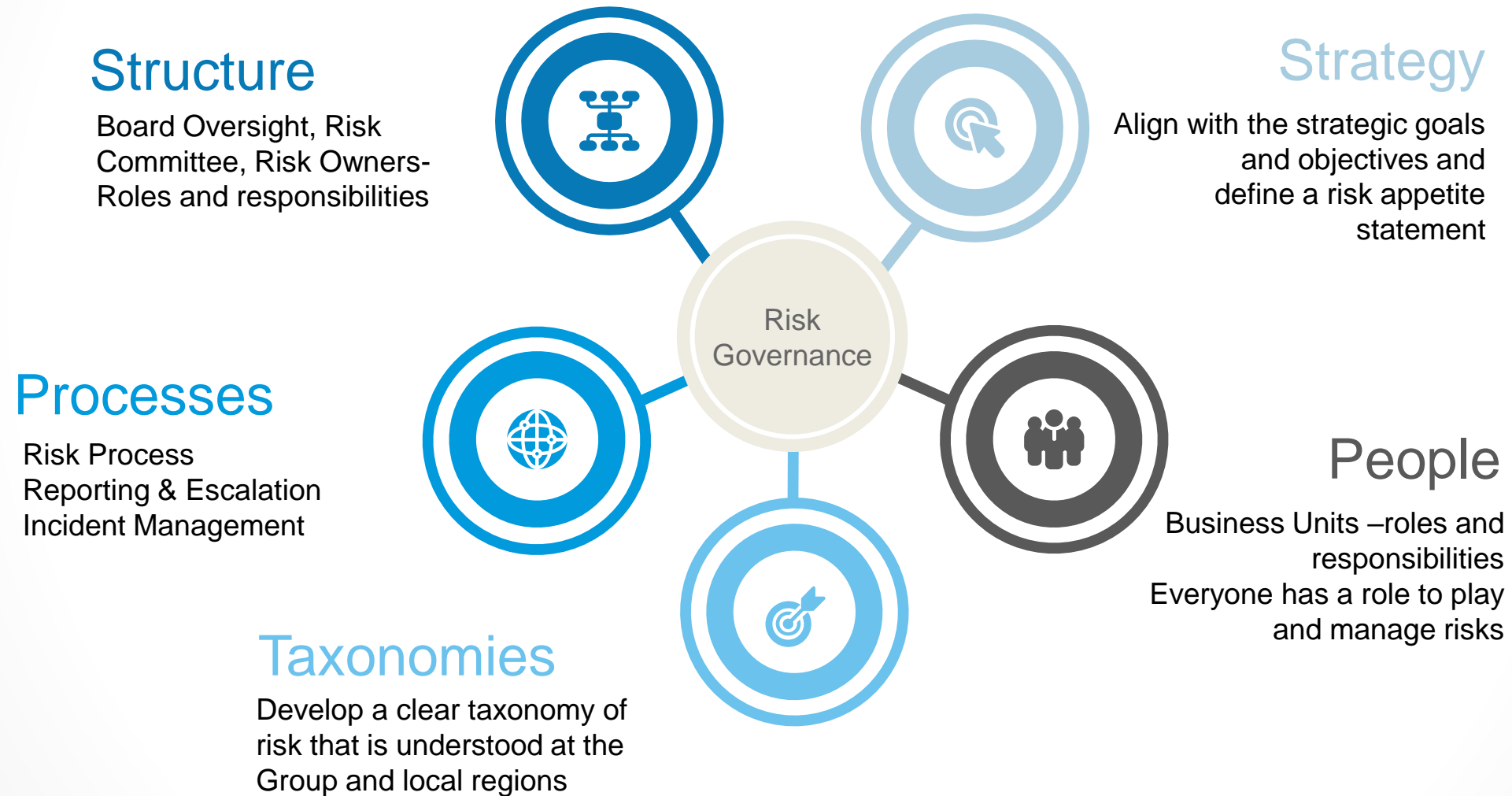


Three Lines of Defence

The Three Lines of Defence is a common and widely used framework in risk management that helps organizations manage risks and ensure that internal controls are effective. This framework divides risk management responsibilities into three distinct "lines of defence," with each line having its own roles and responsibilities. Here's an overview of the three lines:

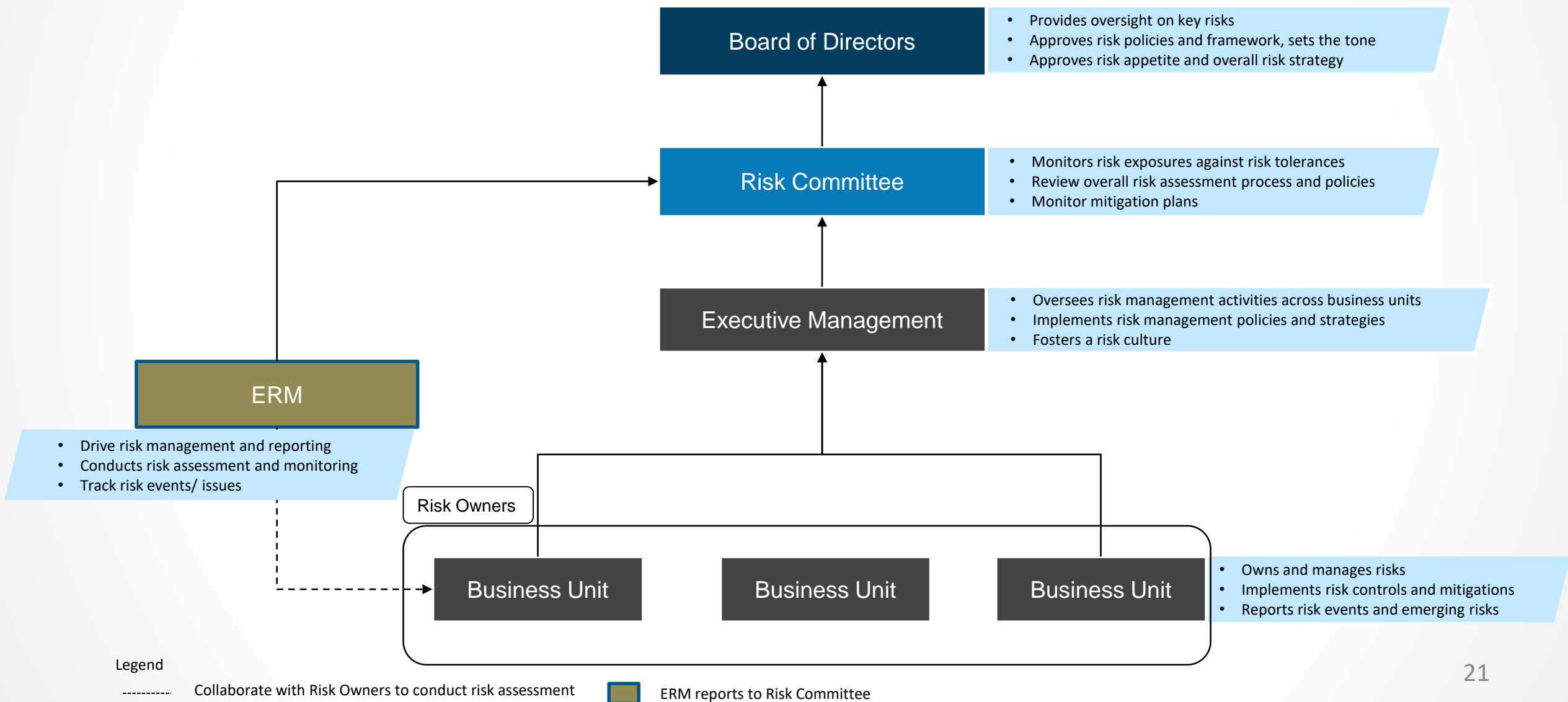


Core Components- Risk Governance



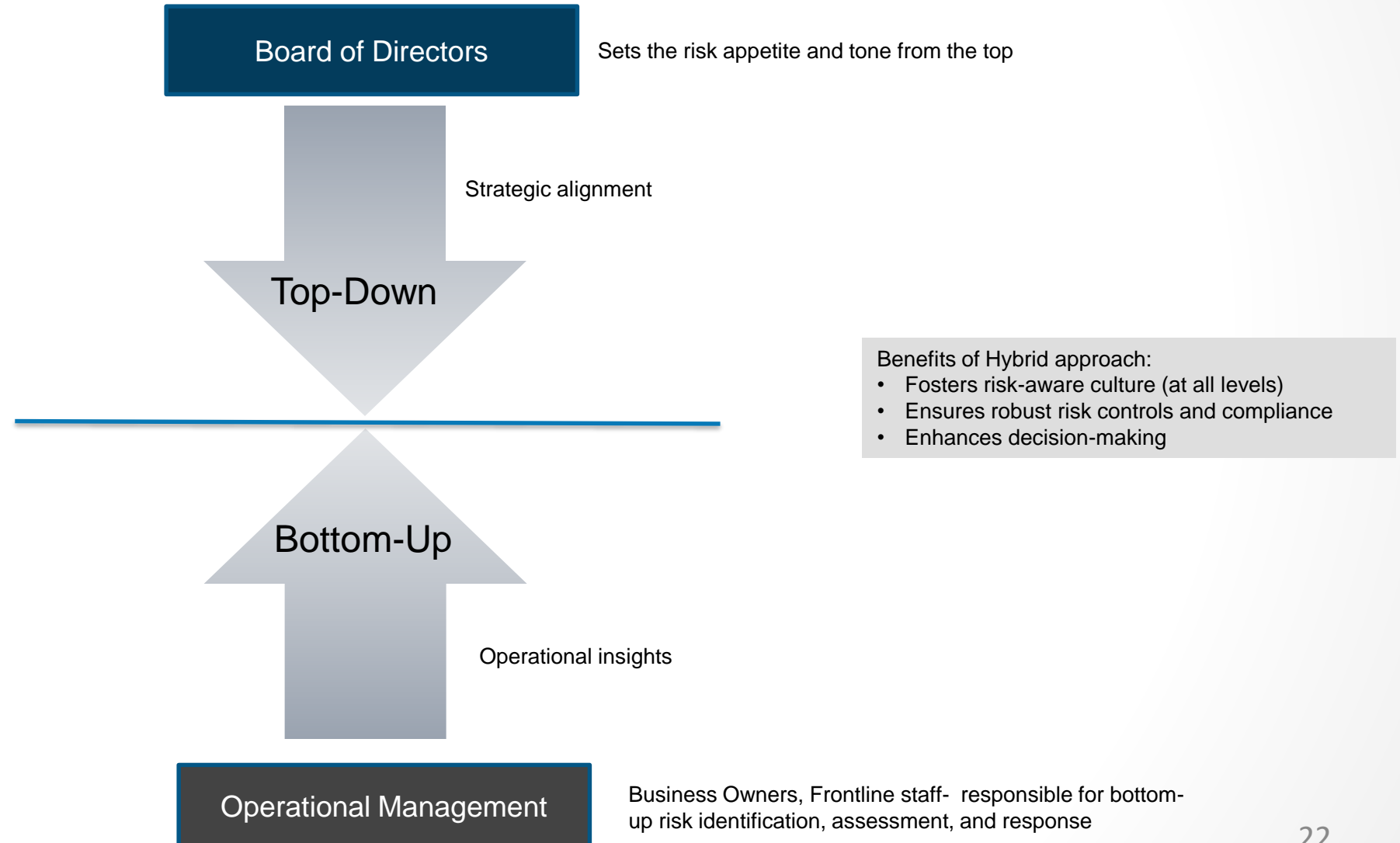
Risk Governance Structure

The governance framework ensures clear roles, responsibilities, and accountability for risk management across all levels of the organization.



Risk Governance Structure

A hybrid (top-down and bottom-up) governance structure for risk management ensures the risk strategy permeates across all levels of the organisation. This balances strategic oversight with operational insights, ensuring a comprehensive approach to risk management.



Q&A