The Risk Coalition

Leading Risk Thinking

Effective risk oversight in a changing world

Principles and guidance for board risk committees and risk functions in the UK financial services sector

CONSULTATION DOCUMENT – 26 JUNE 2019

THE RISK COALITION RESEARCH COMPANY

THE RISK COALITION

The Risk Coalition would like to thank the following sponsors and supporting organisations and observers who have contributed to the production of this consultation document.

Their support and inputs have been invaluable and are greatly appreciated.

Sponsors and supporting organisations

HERMES INVESTMENT MANAGEMENT

Crowe

euroclear

Chartered Banker
Leading financial professionalism

LSB
Lending Standards Board

irm
Leading the risk profession

Chartered Institute of Internal Auditors

airmic

PRMIA INSTITUTE
The Professional Risk Managers' International Association

CISI
CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT

THE INSTITUTE OF OPERATIONAL RISK

IOD

Institute and Faculty of Actuaries

European Risk Management Council

tomorrow's company

Observers

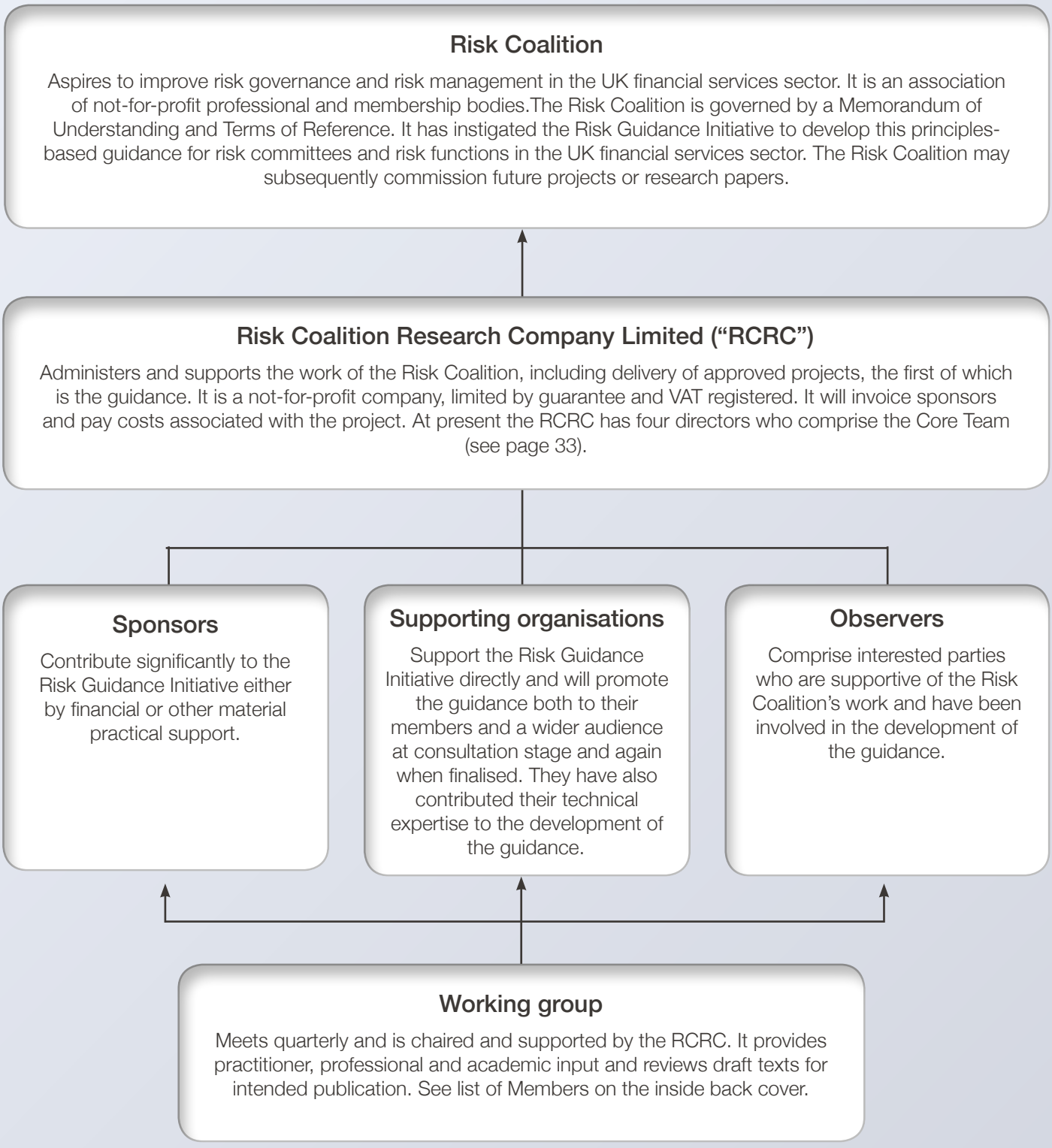
FRC Financial Reporting Council

BANKING STANDARDS BOARD

NEDonBoard

NEDA NON-EXECUTIVE DIRECTORS' ASSOCIATION
Developing Trusted Professionals

THE RISK COALITION STRUCTURE



INTRODUCTION AND RESPONDING TO CONSULTATION

Ten years on from the financial crisis, failings in financial services remain regular occurrences and the fines keep mounting. Inadequate risk governance and oversight is frequently at the heart of these issues. Moreover, short-comings in risk management are likely to take on greater significance as new technology and macro risks emerge. The need for effective risk arrangements has never been more important.

For financial services organisations, scrutiny from regulators continues to grow, with the FCA due to report later this year whether its remit should be extended to cover a broader set of products and customers, and the Bank of England, along with other central banks, translating commitments to act on climate-related financial risks into concrete action.

Board members remark on the many unexpected company failings and comment on the wide variation in risk capabilities between firms they know. Chief risk officers also tell us about the wide-ranging remit that risk functions in financial services can have. All these factors point to the need for clear and authoritative principles-based guidance.

The Risk Guidance Initiative has emerged from this context of considerable change and challenge for risk committees and risk professionals.

About this consultation

This document is the culmination of 18 months' research around risk and how it is overseen in financial services in the UK. The development of the guidance is supported by the Risk Coalition, a network of professional bodies and membership organisations who are committed to raising the standards of risk management. Its development has been overseen by a Working Group of risk practitioners and professionals and has been informed by extensive outreach through interviews and roundtables.

This guidance is principles-based. We have not attempted to provide detailed guidance for the management of any specific risks, recognising the risk profile faced by a firm can quickly change. Rather, it is for individual organisations to determine their risk strategy and risk appetite, and to identify and mitigate the threats which may derail the achievement of their strategic objectives. The scope of this guidance has been limited to financial services but we nonetheless hope the principles that the Risk Coalition establishes will be seen as relevant to other sectors.

Unlike the now well-defined role of the third line of defence, internal audit, the role of the second line risk function continues to evolve with very different remits and practices in different organisations. So, in addition to filling a gap, given the absence of authoritative, principles-based risk guidance currently available, this guidance sets out to:

- Develop a common understanding of the purpose and remit of board risk committees and risk functions
- Raise expectations and promote good practice of risk oversight in UK financial services
- Provide a benchmark against which board risk committees and risk functions can be objectively assessed.

Responding to the consultation

We welcome a wide range of views from all those at a senior level involved with responsibilities for oversight and management of risks. We also welcome views from investors and others as well as those outside financial services.

A consultation response document is downloadable from www.riskcoalition.org.uk. This poses various questions, arising from the development of the guidance and our outreach activities, on which we would specifically appreciate your views, though you are not required to answer all the questions. You are also welcome to comment on any other parts of the guidance.

The consultation closes on 20 September 2019.

We anticipate publishing the final guidance in December 2019. In addition to the final guidance, we will issue a companion narrative piece, discussing relevant key risk topics and themes which have emerged from our outreach programme of interviews and roundtables and the feedback from the consultation exercise. This document will also include a formal consultation feedback statement.

It is our intention that the guidance, when finalised, should be applied proportionately by organisations and our aspiration is to encourage firms to challenge their risk oversight arrangements so that these are continually improved.

Thank you for participating in this consultation.

CONTENTS

The Risk Coalition
Leading Risk Thinking

1 THE NEED FOR PRINCIPLES-BASED GUIDANCE

The Risk Coalition has written this guidance to meet the need for coherent, principles-based good practice guidance for board risk committees and risk functions. In essence, the guidance provides a commonly agreed benchmark for 'what good looks like' – something that has not been available previously.

In so doing, the Risk Coalition hopes to improve the overall quality of risk management within the UK financial services sector – helping organisations at both ends of the risk maturity spectrum manage uncertainty more effectively. And, in the process, better exploit opportunities presented by technological, environmental and economic changes happening in the world around us.

This guidance has been developed through industry consultation and is intended to be evolutionary rather than revolutionary in nature – going beyond current common practice. Some elements of the guidance may prove challenging or even contentious initially for some organisations. The Risk Coalition believes, however, that these elements are appropriate and necessary to enhance the effectiveness of risk management within UK financial services.

The guidance is intended to be applicable to all UK regulated financial services organisations. Organisations are expected to apply the guidance intelligently and proportionately and are encouraged to use professional judgement in deciding how each principle applies and over what period it should be implemented.

Where an organisation is unable to fully apply this guidance, the board risk committee, working in conjunction with the chief risk officer, should reflect carefully on desired outcomes – such as independent oversight and challenge of management risk-taking – and seek to achieve those outcomes in an appropriate manner.

While this guidance aims to provide a benchmark for 'what good looks like', it is key that organisations and their regulators continually challenge whether application of this guidance alone is sufficient. The Risk Coalition strongly encourages organisations to continually innovate and improve their practices, going beyond the minimum necessary wherever possible.

The Risk Coalition encourages firms to publicly disclose their application of the guidance, including details of any implementation period where relevant.

Guidance overview

Part A of the guidance focuses on what can reasonably be expected of a mature board risk committee[1] through defining a number of key principles and supporting guidance. Part B of the guidance follows a similar format but focuses on the role and responsibilities of the chief risk officer and second line risk function. Each part of this guidance is intended to be standalone, although consistent with the other. Consequently, there are occasions where content may be duplicated between the parts to ensure appropriate guidance is provided to their specific audiences.

The guidance is not prescriptive but provides users with good practice principles supplemented with practical guidance on their implementation. The guidance does not reference specific types of risk as these will be different for every organisation, preferring, instead, to focus on good practice principles that will stand the test of time.

The guidance assumes that organisations operate a three lines of defence model in line with current regulatory expectations[2]. Whilst the concept of the three lines of defence continues to provoke much academic and professional debate, the Risk Coalition believes the basic principle of requiring independent oversight and challenge of first line management's risk-taking remains sound, although how the principle is applied may change as a result of technological or other changes in the business environment.

[1] The guidance should also be applied by audit or audit and risk committees where no dedicated board risk committee exists.

[2] See Appendix 1 – The three lines of defence

8

BOARD RISK COMMITTEE PRINCIPLES

2. PART A: BOARD RISK COMMITTEE PRINCIPLES AND GUIDANCE

Principle A1

Board accountability

The board risk committee is an advisory committee[3] to the board. Its aim is to facilitate focused and informed board discussions on risk-related matters. The board retains ultimate accountability for the adequacy and effectiveness of the organisation's risk management arrangements.

In meeting this principle, the board risk committee should:

1. Provide consolidated risk oversight and challenge of management's reporting of the organisation's principal risks, including those principal risks within the remit of other board committees.
2. Ensure that board risk committee meetings are scheduled sufficiently in advance of board meetings to enable appropriate follow-up, resolution and reporting on outstanding questions. Confirm that appropriate arrangements are in place to support effective co-operation and co-ordination with other board committees, in particular the audit committee, when dealing with matters of common interest.
3. Where applicable, provide an appropriate mechanism for board risk committees (or committee chairs) within a group of companies to exchange relevant information and views on a regular basis.
4. Provide the board with a clear and concise summary of the matters the board risk committee has considered and any associated recommendations.

Principle A2

Composition and membership

The board risk committee should be formed of independent non-executive directors and apply chair, membership, competence, performance evaluation and succession planning criteria as outlined in the UK Corporate Governance Code ('the Code') for board committees.

In meeting this principle, the board risk committee should:

5. Have board-approved terms of reference which set out its responsibilities and duties clearly, guarding its non-executive status and ensuring it does not act in the capacity of an executive risk committee.
6. Periodically consider whether its planned annual cycle of activity remains appropriate, including providing sufficient time for deep-dive exploration of key and emerging risk-related topics and themes.
7. Ensure it has appropriate diversity and balance of skills and relevant expertise to fulfil its remit effectively, accessing external expert risk advice and guidance as necessary.
8. Implement a tailored continuing professional education programme for board risk committee members and provide an environment that encourages diversity of thought and opinion when performing its work.
9. Provide a standing invitation to relevant executives, such as the chief risk officer, chief internal auditor and external auditor.

[3] While the board risk committee is primarily an advisory committee to the board, it may have delegated decision-making authority in certain areas. Areas of delegated decision-making authority should be clearly defined within the board risk committee's terms of reference.

[4] See Appendix 2 – Definition of terms for the definition of principal risks and other key terms used throughout this document.

Principle A3

Risk strategy and risk appetite

The board risk committee should provide the board with advice on the continued appropriateness of the board-set risk strategy and risk appetite in light of the organisation's purpose, values, corporate strategy and strategic objectives.

In meeting this principle, the board risk committee should:

10. Evaluate and advise the board whether the organisation has clearly defined and understandable board-set risk strategy and risk appetite statement that align and are consistent with the organisation's stated purpose, values, corporate strategy and strategic objectives. The board risk committee should also challenge the extent to which the organisation's strategic objectives have been embedded effectively.
11. Review and recommend to the board for its consideration and approval the design, development and implementation of a risk management framework consistent with the board-approved risk strategy and risk appetite statement and appropriate for the organisation's needs.
12. Assess whether the risk strategy and risk appetite statement, and broader risk management framework:
    - clearly define the organisation's overall approach to managing risks;
    - describe the aggregate types and extent of risk the organisation is willing to assume (or wishes to avoid) in both normal and stressed conditions;
    - translate into a robust, board-approved risk appetite framework designed to aid effective management decision-making, risk monitoring and reporting; and
    - help the board and executive management understand, analyse and make appropriate prioritisation decisions between competing strategic objectives.
13. Consider whether there is appropriate alignment between the organisation's overall product and service offering (including pricing and profitability) and the organisation's values, risk strategy and risk appetite.
14. Notify the board of actual or forecast material breaches of risk appetite and comment on management's response, including recommending further actions where appropriate.

Principle A4

Principal risks and continued viability

The board risk committee should assess and advise the board on the organisation's principal current and emerging risks and how these may impact the organisation's corporate strategy and strategic objectives, and the continued viability of its business model.

In meeting this principle, the board risk committee should:

15. Challenge whether executive management has a sound understanding of the organisation's principal current and emerging risks (including emerging risk categories) and how they may positively or negatively impact the organisation, as well as the factors that drive and connect them and how they may change in the short and medium term. The board risk committee should also consider the effectiveness of executive management's proposed or actual risk mitigations.
16. Contribute to, and assess the effectiveness of, the organisation's emerging risk identification and horizon scanning processes, including its processes for reviewing and updating the organisation's risk universe. Challenge whether the organisation is sufficiently agile to mitigate risks and exploit opportunities presented by internal or external business environment changes and technology innovations.
17. Challenge whether executive management has assessed effectively the risks as well as the potential benefits associated with proposed material corporate actions, such as large acquisitions and disposals, and major change programmes, including significant changes to governance arrangements or legal structure.
18. Consider whether contractual arrangements with key intra-group or outsourced service providers enable effective first and second line risk management and oversight respectively, and adequately incentivise appropriate third-party risk management behaviours.
19. Monitor and challenge executive management on the adequacy of operational resilience and business continuity arrangements over the provision of critical or high profile in-house, intra-group and outsourced services.
20. Assess and advise the board on the likely achievement of strategic objectives based on an assessment of the organisation's principal current and emerging risks and overall residual risk profile.
21. Understand, challenge and report to the board on the range of scenarios and reasonableness of key assumptions – such as the effectiveness of current and planned risk mitigations in both normal and stressed conditions – underlying management's capital, liquidity and solvency modelling, and business continuity, recovery, resolution and orderly wind-down planning (where relevant).
22. Review and, where appropriate, recommend for board consideration and/or approval the interim and final output of capital, liquidity and solvency modelling, as well as business continuity, recovery, resolution and orderly wind-down plans.

Principle A5

Risk culture and remuneration

The board risk committee should consider and periodically report to the board whether the organisation's purpose, values and board-approved risk culture expectations are appropriately embedded in the organisation's risk strategy and risk appetite, and are reflected in observed behaviours and decisions.

In meeting this principle, the board risk committee should:

23. Assess whether the organisation's purpose, values and board-approved statement of risk culture expectations have been clearly defined and communicated throughout the organisation, and that they are properly understood by executive management. Challenge whether they are reflected appropriately in the organisation's corporate strategy, strategic objectives, risk strategy and risk appetite.
24. Assess whether the board's stated risk culture expectations have been appropriately translated into a framework of ethics, values and desired behaviours, supported with appropriate metrics and indicators, and embedded effectively throughout the organisation.
25. In conjunction with the remuneration committee:
    - Consider and advise the board whether proposed incentive and remuneration plans are consistent with the board's stated risk culture expectations and whether they are likely to encourage well-controlled and transparent management risk-taking; and
    - Monitor and report to the board on how incentive and remuneration arrangements appear to affect observed behaviours, decisions and influences on risk culture and any consequent impact on the organisation's principal risks.
26. Provide a view to the remuneration committee on annual executive management risk-adjusted rewards.
27. Advise the board whether the organisation's risk culture expectations and associated whistle-blowing arrangements provide those working for the organisation with the appropriate support to 'do the right thing' in difficult or challenging circumstances.
28. Review and report to the board on the results of on-going risk culture monitoring activities performed by each of the three lines of defence.
29. Consider whether executive management's attitude towards, and treatment of, internal control function and external audit recommendations is supportive of a healthy risk culture.

Principle A6

Risk information and reporting

The board risk committee should assess and advise the board on the quality and appropriateness of the organisation's risk information and reporting.

In meeting this principle, the board risk committee should:

30. Assess the quality and appropriateness of board-level risk information and reporting from each of the lines of defence, including whether significant matters are escalated sufficiently promptly and the overall quality of supporting narrative and analysis.
31. Consider whether board-level risk reporting is both comprehensive and comprehensible, enabling non-executive directors to understand, probe and challenge executive management effectively.
32. Obtain independent assurance on the quality and reliability of the organisation's risk information governance and reporting arrangements, including the adequacy and appropriateness of executive management procedures for deciding what risk-related information to present to the board and its committees.
33. Confirm that risk information reporting with group entities and with regulatory authorities is complete, accurate and timely.
34. Review and recommend to the board for approval any material risk information for regulatory submission or external publication.

Principle A7

Risk management and internal control systems

In conjunction with the audit committee (where relevant), the board risk committee should monitor and periodically advise the board on the overall effectiveness of the organisation's risk arrangements.

In meeting this principle, the board risk committee should:

35. Agree the framework by which the board risk committee will monitor and periodically assess the overall effectiveness of the organisation's risk arrangements.
36. Review and recommend to the board for approval, proposed material changes to the organisation's risk management framework, including its risk governance, risk appetite and risk policy frameworks and risk universe.
37. Consider whether individual and collective risk and control accountabilities within the organisation are clearly and adequately documented, communicated and applied appropriately.
38. Challenge executive management to demonstrate that the organisation's risk appetite framework is appropriately embedded within management decision-making processes.
39. Challenge executive management to demonstrate that its processes for monitoring and assessing the adequacy and effectiveness of the organisation's risk management arrangements and associated internal control systems (including near miss, root cause and lessons learned analysis and reporting) are timely, robust and reliable. Particular consideration should be given to understanding how executive management will maintain an effective internal control framework where the organisation faces a period of significant change.
40. Seek independent risk function assurance on the completeness, accuracy and fairness of first line management's assessment and reporting of the:
    - organisation's principal current and emerging risks (including emerging categories of risk);
    - likely impact of the organisation's principle risks on its strategic objectives (both in isolation and in combination); and
    - organisation's overall residual risk profile and risk capacity.
41. Consider and advise the board as appropriate of the results of independent assessments of the design, implementation and operation of the organisation's risk management arrangements and associated internal control systems, including the effectiveness of its risk management, compliance and internal audit functions[5].

[5] Internal audit may provide independent assessments of an organisation's risk management arrangements and associated internal control systems. As a matter of prudence, it is recommended that an independent external evaluation of risk function effectiveness is performed at least once every five years.

Principle A8

Chief risk officer and risk function independence

The board risk committee should safeguard the independence and oversee the performance of the chief risk officer and the second line risk function.

In meeting this principle, the board risk committee should:

42. Periodically review and approve the risk function's charter, including the independence, scope, role, responsibilities and accountabilities of the chief risk officer and the risk function.
43. Assess whether the chief risk officer is sufficiently senior and of appropriate independence, standing and gravitas to challenge executive management risk-taking effectively, and that the risk function has adequate, appropriate resources (financial, people, processes and technology) to meet its charter obligations.
44. Periodically challenge and assess the continued objectivity and independence of the chief risk officer and second line risk function. Particular consideration should be given to the continued objectivity and independence of the chief risk officer where they have been in post for a significant period.
45. Periodically review and approve as appropriate the principal plans and activities of the risk function and provide the chief risk officer with appropriate direction and guidance on areas of board risk committee interest, including encouraging risk function innovation and enhancement of the organisation's risk strategy and supporting risk management framework.
46. Consider whether effective arrangements are in place, particularly in a group context, to mitigate any potential conflicts of interest that might undermine the actual or perceived independence of the chief risk officer and risk function.
47. Ensure that the chief risk officer has a direct reporting line to the board risk committee chair. Where the chief risk officer also has an executive reporting line to the chief executive officer, the board risk committee should satisfy itself that this is consistent with relevant regulatory requirements and that appropriate mechanisms are in place to protect the chief risk officer's objectivity and independence.
48. Ensure the chief risk officer has unmediated access to the board chair, the board itself, the board risk committee, the external auditor and the regulatory authorities as necessary.
49. Meet periodically with the chief risk officer in the absence of other executives to provide an opportunity for an open and non-attributable discussion of the chief risk officer's key concerns and to provide a channel of open communication between the chief risk officer and board risk committee.
50. In consultation with the chief executive officer:
    - Appoint or remove the chief risk officer; and
    - Consider and approve the chief risk officer's annual objectives and performance, and make recommendations to the remuneration committee on the chief risk officer's remuneration (form and quantum).

9

RISK FUNCTION PRINCIPLES

3. PART B – RISK FUNCTION PRINCIPLES AND GUIDANCE

Principle B1

Independent risk oversight

The chief risk officer is responsible for ensuring robust, independent oversight and challenge of risk-taking activities across the organisation.

51. First line management owns, and is responsible for taking and managing, the organisation's risks. The second line is responsible for providing independent oversight and challenge of first line management risk-taking.
52. The chief risk officer should ensure clear allocation of second line risk oversight responsibilities between the risk function and other appropriately independent second line functions, such as the compliance function. The chief risk officer should periodically satisfy themselves that the quality of independent risk oversight provided by other independent second line functions is appropriately robust and reliable.
53. The chief risk officer should periodically share a summary of independent second line risk oversight responsibilities with the board risk committee for its consideration and approval.
54. Where the chief risk officer considers there is weak or inadequate independent second line oversight and challenge of first line management risk-taking, the chief risk officer should assess its implications and where appropriate report findings and recommendations to the board risk committee.
55. The heads of other independent second line functions, such as the chief compliance officer or head of independent model validation, may report to the chief risk officer provided that appropriate conflicts of interest safeguards are put in place. The chief internal auditor must not report to the chief risk officer.

Principle B2

Independent perspective

The chief risk officer should maintain an independent perspective.

56. The chief risk officer should develop an independent perspective to support effective and efficient challenge of first line management risk-taking activities. This may require risk function resources to independently produce or model relevant information, as well as having free and unrestricted access to any internal or relevant third-party information, people or locations deemed necessary to form an objective and independent view.
57. The chief risk officer should report directly to the board risk committee chair and may also have an executive reporting line to the chief executive officer. The chief risk officer should have unmediated access to the board chair, the board itself, the board risk committee, the external auditor and the regulatory authorities as necessary.
58. The chief risk officer should be open, transparent and empowered to speak on the organisation's behalf in all dealings with key internal and external stakeholders such as the external auditor and regulatory authorities.
59. Appropriate organisational arrangements should be put in place, particularly in a group context, to mitigate any potential conflicts of interest that might undermine the actual or perceived objectivity and independence of the chief risk officer and risk function. For example, where a subsidiary entity chief risk officer has an additional reporting line to the group chief risk officer.

Principle B3

Risk governance

The chief risk officer should be of appropriate standing to provide effective challenge at both executive and board level.

60. The chief risk officer should receive a standing invitation to both the board risk committee and audit committee. The chief risk officer should actively engage in committee discussions, providing an independent, expert view as appropriate.
61. The chief risk officer should be of equivalent standing and seniority as members of the executive committee and should routinely attend and may be a member of the executive committee, subject to appropriate independence safeguards being in place. The chief risk officer may also be a member of the board.
62. Where the chief risk officer is a member of the executive committee or board, the chief risk officer bears collective responsibility for decisions with the other executive committee or board members, whilst retaining the need for an independent perspective.
63. Where there is an executive risk committee, the chief risk officer should be a member. Wherever practical, the executive risk committee should be chaired by a member of executive management rather than the chief risk officer, thereby enabling appropriate second line challenge whilst reinforcing first line management responsibility and accountability for taking and managing risks in line with the organisation's risk appetite.
64. The chief risk officer should challenge first line management whether all pertinent risks, and how they may positively or negatively impact the organisation, have been appropriately considered and addressed in first line management's decision-making processes.
65. The chief risk officer should not approve operational decisions – such as providing credit lines – or otherwise endorse or 'sign-off' key management decisions.
66. Where the board risk committee, executive committee or executive risk committee makes a decision with which the chief risk officer disagrees or otherwise has concerns, the chief risk officer's objection or challenge should be fully minuted. The chief risk officer may choose to make their views known – formally or informally – to the board risk committee chair and/or the board chair.

Principle B4

Risk reporting

The chief risk officer should provide the board risk committee with appropriate assurance that executive management's reporting of risks is both complete and fairly stated.

67. The chief risk officer should provide the board risk committee with a regular report that summarises the chief risk officer's independent view of the organisation's principal current and emerging risks, their likely impact on the organisation's strategic objectives – in both the short and medium term – as well as any other matter that the chief risk officer feels is pertinent or necessary to facilitate full and effective board risk committee discussions.
68. Reports from the chief risk officer to the board risk committee should seek to present information in a way that is accessible to non-executive directors and enables them to understand, probe and challenge executive management effectively.
69. The chief risk officer should routinely provide formal reporting to the audit committee appropriate to its needs.

Principle B5

Corporate strategy and objectives

The chief risk officer should ensure appropriate consideration of risk during corporate strategy and strategic objective setting discussions.

70. The chief risk officer should participate in executive and board-level corporate strategy and objective setting discussions to ensure appropriate consideration of proposed changes on:
    - risk strategy, risk appetite, risk capacity and risk profile (including risk universe);
    - the organisation's defined purpose, values and risk culture expectations; and
    - the way in which risk is addressed in corporate strategy implementation.
71. The chief risk officer should ensure they are aware of, and may participate in, executive and board-level discussions relating to material corporate actions and major change programmes, including significant changes to governance arrangements or legal structure.

Principle B6

Risk function independence and effectiveness

The chief risk officer should ensure the independence and effectiveness of the risk function.

Risk function role and remit

72. The chief risk officer should develop and seek board risk committee approval of an appropriate risk function charter detailing the independence, role, responsibilities, scope and authority of the chief risk officer and the risk function, including the requirement for the chief risk officer and risk function to remain free of first line operational responsibilities.
73. The scope of the risk function should be unrestricted and should include consideration of any aspect of the organisation's governance, management or internal control arrangements that the chief risk officer considers pertinent to fulfilling the risk function's charter responsibilities.
74. The risk function should have a procedures manual which elaborates on the risk function charter and provides detailed guidance to members of the risk function on how they should plan, perform and report their work, including establishing appropriate quality assurance and training processes.

Risk function resourcing and expertise

75. The risk function should be adequately resourced to meet its charter obligations and the reasonable expectations of key stakeholders, including executive management, the board risk committee and the organisation's regulatory authorities. This may require access to external resources where necessary and includes access to modelling capabilities as well as technology resources such as risk data mining, aggregation and analytics capabilities.
76. Diversity of risk function staff background, experience and perspectives should be encouraged. This should be underpinned by appropriate risk management qualifications and expertise, and understanding of the organisation and the context in which it operates. Risk function members should have access to, and be encouraged to participate in, relevant continuous education and development opportunities.
77. Members of the risk function should express their professional opinions and provide constructive challenge when observing, attending or participating in first line management (including project management) meetings, discussions and events.
78. Subject to appropriate independence safeguards, it is acceptable for the risk function to provide expert modelling advice and support to the organisation – such as developing stresses and scenarios and advising on modelling methodologies – where necessary for both practical and efficiency purposes.
79. Where a risk function provides modelling advice and support to the organisation, appropriate arrangements should be implemented to ensure first line management is properly engaged and retains model ownership, including responsibility for key decisions such as model assumptions and scenarios, and presenting final output to the board as appropriate.
80. The chief risk officer should ensure that appropriate quality assurance arrangements are implemented within the risk function. Where risk function work is co-sourced or outsourced to an external provider, the chief risk officer remains responsible for the overall quality and reliability of the work performed.

Risk intelligence and planning

81. The chief risk officer, supported by senior members of the risk function, should develop and implement processes to collect and analyse formal and informal risk intelligence from across the organisation, including the results of risk monitoring activities. This should include regular, structured engagement with key internal and external stakeholders as appropriate.

82. The risk function should develop a plan, based on its risk intelligence and other sources of information, to outline the independent risk assessments and risk monitoring activities it intends to undertake over the course of the following year (or other appropriate period).

83. The risk function plan should cover all sources and types of risk and be revised and updated in the course of the year as necessary and shared with internal audit and executive management for comment and submitted to the board risk committee for review and periodic approval.

84. The risk function should share details and co-ordinate planned work with the compliance and internal audit functions to maximise the value and efficiency of second and third line assurance work. Additionally, the risk function should routinely share the results of its work, both formal and informal, with the internal audit function to facilitate their work. The chief risk officer should maintain an open and constructive relationship with the chief internal auditor and heads of other independent second line functions.

Independent risk assessments and risk monitoring

85. When carrying out independent risk assessments and risk monitoring activities (including stakeholder management), members of the risk function should document and retain for an appropriate period details of their work – including relevant supporting evidence such as meeting minutes and key documentation – sufficient to support their opinions.

86. Results of independent risk assessments and risk monitoring activities, along with any associated recommendations and agreed first line management actions, should be provided to executive management in writing. Summary results, recommendations and agreed first line management actions should be reported to the board risk committee as appropriate.

87. The risk function should routinely track and report progress against agreed first line management actions to executive management and the board risk committee.

Risk management framework

88. The risk function is responsible for designing, facilitating the implementation and monitoring the efficient operation of the organisation's risk management framework. Working in close collaboration with executive management and the board risk committee, the risk function should:

    - facilitate the development of a risk strategy and associated risk appetite statement, for both normal and stressed conditions, for consideration and approval by the board. The risk strategy and risk appetite statement should be consistent with the organisation's corporate strategy, strategic objectives, purpose, values and risk culture expectations;
    - design and document a risk management framework consistent with the organisation's risk strategy and risk appetite and appropriate for its needs. The risk management framework should be reviewed and approved by the board and include development of any risk policies, procedures or guidance (including tools, technology and training materials) necessary to support effective risk governance and first line management's implementation and effective operation of the risk management framework; and
    - support first line management in developing, implementing, calibrating and embedding a robust board-approved risk appetite framework and associated risk reporting.

89. The risk function should develop and monitor a portfolio of risk appetite framework metrics and indicators (including in relation to the organisation's risk culture) in addition to those used by first line management to support its independent monitoring of the organisation's risk profile.

90. The risk function should routinely monitor the effective operation (in terms of people, processes and outcomes) of the organisation's risk management framework and make improvements where necessary.

91. Annually, the chief risk officer should provide the board risk committee with a formal analysis of the effectiveness of the organisation's – and where relevant, the group's – risk management framework, including a self-assessment of risk function effectiveness.

Principle B7

Risk culture

The risk function should monitor, assess and periodically report to executive management and the board risk committee on the organisation's risk culture.

92. The risk function should introduce processes to enable it to monitor and assess the organisation's risk culture from a range of perspectives, including across business lines, entities and geographies.
93. In performing independent risk assessments and risk monitoring activities, members of the risk function should be mindful of, and where appropriate document and report, behaviours or influences on risk culture – such as tone from the top, accountability, effective communication and challenge, and (financial and non-financial) incentives – that may impact the organisation's risk profile.
94. At least annually, the risk function should provide executive management and the board risk committee with a thematic analysis of the organisation's risk culture based on the consolidated results of its risk culture monitoring and make recommendations for improvement. Where appropriate, the results of the risk function's thematic analysis may be combined with the results of risk culture monitoring performed by the first and third lines.

Principle B8

Innovation and change

The risk function should support the organisation in identifying and adapting effectively to material changes or developments in the internal or external environment.

95. The risk function should develop and facilitate operation of an enterprise-wide risk identification and horizon scanning process, including the use of scenario planning techniques, that encourages and incorporates contributions from each of the lines of defence, executive management and the board risk committee.
96. The chief risk officer should challenge first line and executive management to analyse and assess the potential opportunities, as well as the threats, associated with the results of the enterprise-wide risk identification and horizon scanning process and to consider the implications for the organisation's corporate strategy, strategic objectives, business model and risk universe.
97. The risk function should implement processes to support early identification, analysis and response to proposed or actual material changes within or external to the organisation, including consideration of how these changes might impact the risk function's operating model and its interaction with the other lines of defence.
98. The risk function should seek to enhance the efficiency and effectiveness of the organisation's risk management framework through continuous innovation and improvement, including leveraging developments in technology and risk management thinking and practice.

Principle B9

Group risk functions

The group chief risk officer should ensure that risk management arrangements operating across the group are appropriate and effective.

99. The group chief risk officer should ensure appropriate mechanisms are in place to facilitate the open and transparent exchange of relevant information and views between the organisation's chief risk officers. Additionally, the group chief risk officer should work with subsidiary entity chief risk officers to ensure appropriate and effective intra-group risk escalation mechanisms are in place.

100. The group chief risk officer should monitor and regularly assess the adequacy and effectiveness of independent risk oversight arrangements within the regulated entities for which they have consolidated risk oversight responsibility. Where the group chief risk officer has concerns over such arrangements, they should seek to raise the matter with the subsidiary entity in the first instance. The group chief risk officer may also raise the matter with the group executive and group board risk committees if their concerns are sufficiently material to the group's residual risk profile or reputation.

101. The group chief risk officer should assess whether adequate processes are in place across the group to facilitate effective risk aggregation, analysis, monitoring and reporting of consolidated risks at the group level. The group chief risk officer should also assess whether adequate processes are in place to share relevant group-level risk information with subsidiary entities as appropriate.

4. APPENDIX 1
THE 'THREE LINES OF DEFENCE'

This guidance assumes that organisations operate a three lines of defence model. Under this model, first line management owns the organisation's risks and is responsible for risk-taking. First line management is therefore responsible for identifying, assessing, managing, monitoring and reporting the organisation's risks in line with the organisation's risk strategy and risk appetite. The second line is responsible for providing independent oversight and challenge of first line risk-taking. The third line (internal audit) is responsible for providing independent assurance over the organisation's governance, risk and internal control arrangements.

First line management should manage risks through the disciplined application of the organisation's risk management framework. The purpose being to help the organisation achieve its strategic objectives while remaining within risk appetite. Consequently, first line management should be the principal source of (non-independent) risk information presented to the board risk committee.

In some organisations, first line management may use risk and control units to provide direct assurance to management that their controls are effective and risks appropriately managed. Since these risk and control units are under the control of, and report directly to, first line management, they are not considered independent and form part of the first, and not the second, line.

The same logic applies to other functions, such as HR, Legal or Financial Control where some level of risk and control oversight is exercised. In these cases, where the definition of independence cannot be met, the risk and control oversight activity of the function should be considered part of the first line.

The second line risk function, headed by the chief risk officer, is responsible for ensuring robust, independent oversight and challenge of first line management's risk-taking activities across the organisation. This may require clear allocation of second line risk oversight responsibilities between the risk function and other second line functions, such as the compliance function.

Risk function reporting should provide the board risk committee with independent assurance that first line management's reporting of the organisation's principal risks (including new and emerging risks), overall residual risk profile and risk capacity is complete and fairly stated. The chief risk officer should also give their view on the likely achievement of strategic objectives in the context of the organisation's principal risks and risk appetite.

The way in which independent second line risk oversight and challenge is exercised will vary between organisations depending on a number of factors, including first line risk management maturity. Where maturity is relatively low, the risk function may need to adopt a more supportive or collaborative approach to ensure appropriate risk outcomes. In contrast, where first line risk management maturity is relatively high, a more robust, challenging approach may be adopted. Under the former approach, additional care should be exercised to protect the independence – real or perceived – of the chief risk officer and the risk function.

Changes in the business environment or technological innovations may also influence how independent second line risk oversight and challenge is exercised in the future. For example, recent developments such as artificial intelligence, robotics and adoption of blockchain based technologies are likely to change how second line risk oversight and challenge is delivered, increasing speed of response and integrating challenge into the process. The basic requirement for independent risk oversight and challenge in some form will, however, remain.

The third line internal audit function, whose primary reporting line is to the audit committee, aims to help protect the assets, reputation and sustainability of the organisation through providing independent assurance to the board audit and risk committees on the adequacy and effectiveness of the organisation's governance, risk management and internal control systems, including the effectiveness of the risk function itself.

The internal audit function should provide the board risk committee with insight on key risks, details of significant control weaknesses and audit findings. These may include any themes or trends that may be pertinent to, or further aid, the board risk committee's understanding of the organisation's principal risks, overall residual risk profile and risk capacity.

Internal audit function reporting to the board risk committee should include a periodic assessment of the quality and reliability of first and second line risk reporting.

5. APPENDIX 2 DEFINITION OF TERMS[6]

Accountability – In the context of this guidance, accountability for an action cannot be delegated but responsibility for performing it can.

Executive management – Includes members of the executive committee and their direct reports.

Executive risk committee – An executive management level committee reporting to the executive committee (ExCo). The executive risk committee supports the ExCo in fulfilling its risk management responsibilities through providing committee members with an opportunity to spend more time considering key risk matters than would otherwise be possible during ExCo meetings.

Extended enterprise risks – those risks for which the organisation remains accountable but for which it has outsourced (some or all) responsibility for their mitigation to a third party, typically through an outsourcing arrangement or joint venture.

Horizon scanning – A process by which an organisation seeks to identify, assess and analyse new or emerging risks (upside and downside), including emerging categories of risk, thereby enabling early management action.

Independence – a chief risk officer and risk function may be considered independent if:

- The risk function is organisationally separate from, and its staff do not perform any operational tasks within, areas of the business subject to its oversight;
- The chief risk officer has a direct reporting line to the board risk committee chair. Where the chief risk officer also has an executive reporting line to the chief executive officer, the board risk committee should satisfy itself that the executive reporting line is consistent with relevant regulatory requirements;
- Decisions on chief risk officer recruitment, removal and performance are taken by the board risk committee in consultation with the chief executive officer;
- Decisions on chief risk officer remuneration are taken by the remuneration committee in consultation with the board risk committee and the chief executive officer;
- Chief risk officer and risk function staff remuneration is not linked solely to the financial performance of the areas of the business subject to their oversight.

Inherent (gross or pre-control) risk – The exposure before management actions have been taken to mitigate the likelihood or impact (or combination thereof) of a risk.

Principal risks – The most significant or key risks facing an organisation, including those that may threaten the organisation's business model, future performance, solvency or liquidity. Principal risks may include all types of risk including existing and emerging risks (including emerging categories of risk), internal and external risks, financial and non-financial risks, in-house and extended enterprise risks and include the organisation's key sources or primary categories of risk as defined in an organisation's risk universe.

Residual (net or post-control) risk – The remaining exposure after management actions have been taken to mitigate the likelihood or impact (or combination thereof) of a risk.

Risk – The possibility that events will occur and affect the achievement of an organisation's corporate strategy or strategic objectives. Commonly considered as a negative event (downside risk), there may be occasions where risks may be exploited to an organisation's advantage (upside risk).

Risk appetite – The aggregate types and extent of risk the board is willing to assume within its risk capacity to achieve its strategic objectives and deliver its business plan in both normal and stressed conditions.

[6] Based on, inter alia, definitions provided by ISO Guide 73:2009, Financial Stability Board 'Principles for an Effective Risk Appetite Framework' and COSO 'Enterprise Risk Management – Integrated Framework' as appropriate.

Risk appetite framework – A key, board-approved framework designed to aid effective management decision-making, risk monitoring and reporting and through which aggregate risk appetite is translated and cascaded into meaningful, calibrated risk thresholds, limits, metrics and indicators aligned to strategic objectives, and embedded throughout the organisation.

Risk appetite statement – A board-approved document describing the aggregate types and extent of risk the organisation is willing to assume or wishes to avoid, in order to achieve its strategic objectives and deliver its business plan in both normal and stressed conditions. It should include both qualitative statements and quantitative measures expressed relative to key financial and non-financial measures, as well as addressing other more difficult to quantify risks such as reputation, conduct and risk culture risks.

Risk capacity – The maximum level of risk or risk type an organisation can assume, given its current level of resources before breaching financial, operational, legal or regulatory (including conduct) constraints.

Risk culture – The combination of an organisation's desired ethics, values, behaviours and understanding about risk, both positive and negative, that influence decision-making and risk-taking.

Risk culture expectations – A board-approved statement setting out board expectations relating to key risk culture influences such as tone from the top, accountability, effective communication and challenge, and financial and non-financial incentives.

Risk governance – The activity of providing governance oversight of an organisation's risk management arrangements and risk-taking activities.

Risk governance framework – The framework of governance fora (board, executive and non-executive committees), defined roles and responsibilities, terms of reference, policies, procedures and guidance through which risk governance is exercised.

(Enterprise) risk management framework – An enterprise-wide framework for the robust, consistent and disciplined management of risk with the aim of facilitating the achievement of the organisation's corporate strategy and strategic objectives.

Risk policy framework – The framework of risk-focused board-approved policies that define and set the board's risk management expectations of the organisation.

Risk profile – A composite view of the risk assumed at a particular level of the entity, or aspect of the business model that positions management to consider the types, severity, and interdependencies of risks, and how they may affect performance relative to its corporate strategy and strategic objectives.

Risk strategy – The organisation's overall approach to risk management which should support and be consistent with the organisation's corporate strategy, strategic objectives, purpose, values and risk culture expectations.

Risk universe – Sometimes described as risk categories or a risk library, a risk universe is a representation of an organisation's key sources or categories of risk. A risk universe typically includes increasingly granular sub-categories of risk types below each of the primary risk categories.

Scenario analysis – A process for selecting and analysing one or more scenarios to understand how they might positively or negatively impact the organisation, including assessing the effectiveness of possible risk responses.

Strategic objectives – Top level objectives linked to the achievement of corporate strategy. Strategic objectives may be translated into supporting business, product, process or project objectives throughout the organisation.

Stress testing – A process for selecting and analysing one or more changes to key variables and assumptions underlying a model (or scenario) to understand how the changes might positively or negatively impact the organisation, including assessing the effectiveness of possible risk responses.

6. QUESTIONS AND RESPONSES

Thank you for reading and reviewing the accompanying consultation document, *Principles and guidance for board risk committees and risk functions in the UK financial services sector*. We welcome your feedback on the guidance and will take all responses into account in developing the final guidance.

This consultation seeks views from a wide range of interested parties, including board risk committee chairs and members, chief risk officers, chief executives and other senior executives, chief auditor executives, company secretaries, investors and others. We also welcome views from those outside the financial services sector.

The consultation closes on **20 September 2019** but we ask that you respond earlier, if possible, to give us additional time to review and analyse responses.

In this document, we:

- ask for some background information to assist with our analysis of responses (Part A)
- set out nine specific questions where we would particularly appreciate your views. These focus on areas where our initial outreach has indicated there are divergent practices and opinions, or where further evidence will be helpful (Part B)
- seek your feedback on any areas of particular interest of concern to you in relation to the guidance (Part C).

A summary of responses will be made available in a feedback statement when the final guidance is published.

In responding to the consultation, please:

- consult with colleagues who may have an interest in the guidance (responses are welcome from both individuals and organisations)
- consider how the principles and related guidance might be applied within your organisation notwithstanding your current practices
- suggest any good practices your organisation has introduced which might usefully enhance the guidance.

You do not need to respond to all questions.

The following pages set out our consultation questions. You can answer the questions directly in this document and submit your response by clicking on the "submit form" button. Alternatively, you can downloaded a Word version of the questions at *https://riskcoalition.org.uk/consultation* and complete and return your response to us by email to *feedback@riskcoalition.org.uk*.

Thank you for providing us with your views.

Please complete the following information about yourself.

PART A

A1	Name	John Allan
A2	Organisation	The Investment Association
A3	Organisation sector (e.g. banking and credit, insurance, asset management)	Investment Management
A4	Organisation type (e.g. listed, subsidiary, private, mutual)	We represent a wide-range of investment firms, some of which are listed, some private, some subsidiaries of multinational entities.
A5	Role (e.g. board risk committee chair, chief risk officer, chief executive, chief audit executive)	Policy Advisor
A6	Email address	john.allan@theia.org
A7	Telephone number (optional)	
A8	Can we contact you to discuss your response?	Yes
A9	May we publish your response to this consultation?	Yes
A10	Please let us know if there is any other information that we should know when reviewing your response (e.g. if there are any points of context that may be relevant)	The Investment Association champions UK investment management, a world-leading industry which helps millions of households save for the future while supporting businesses and

The guidance has been developed through working group review, outreach interviews and various roundtable discussions. This process revealed divergent views and practices in several areas. We would like your views in relation to these areas.

PART B

B1	*The guidance sets out that the board risk committee is an advisory committee to the board (Principle A1).* Are the responsibilities of the board risk committee set out with sufficient clarity in the guidance? What challenges do you see in delineating the role of the board risk committee and ensuring the board continues to play a relevant role in relation to risk matters?	
B2	*The guidance states that the board risk committee should be comprised of independent non-executive directors, in line with the requirements of the UK Corporate Governance Code (Principle A2).* In your view, is this the right approach? What is the current composition of your board risk committee and what practical difficulties might you face in meeting this principle?	We support this approach for listed entities and can confirm that, in general, listed firms within our membership follow this principle. However, within our broader membership, most firms are not listed or subject to the UK Corporate Governance Code. There is no requirement for independent NEDs and such a requirement would be disproportionate given the business models involved and/or size of firm. Similarly, not all of our members will be of a sufficient size to justify having a separate board risk committee. They may often have other committees which carry
B3	*Under the guidance, the board risk committee is responsible for providing consolidated risk oversight and challenge of management's reporting of principal risks, including those within the remit of other board committees (Principle A1, paragraph 1).* How should the board risk committee interact with other board committees generally, to ensure risk oversight at board level is conducted in the most effective way?	

B4	***The guidance sets out that the board sets the organisation's risk culture expectations and that the board risk committee reports to the board on whether the board's risk culture expectations are embedded within risk strategy and appetite (Principle A5).*** Is this an appropriate role for the board risk committee? How should it interact with the remuneration committee in relation to incentives and pay awards?	
B5	***The guidance highlights the importance of a close working relationship between, in particular, the board risk committee and the audit committee (Principle A7).*** Does the guidance provide sufficient clarity of the role of the board risk committee in this relationship? *(The remit of audit committees is set out in the FRC's Guidance on Audit Committees; it is not the purpose of this guidance to duplicate this.)* What challenges have you faced in practice in determining what matters are addressed by each of the two committees?	
B6	***In the guidance (Principle A7, paragraph 41), we propose that external evaluations of the risk function are performed least once every five years.*** Are periodic reviews by Internal Audit sufficient or are external reviews needed? If external evaluations of the risk function should be undertaken, what is an appropriate frequency for external review?	We do not feel that an independent external evaluation of risk function effectiveness is required for many of the firms in our sector. The relative role performed by firms in our sector and the independence obtained by the internal audit function do not seem to merit a potentially costly review by an external party unless, for example, concerns were being expressed by any clients or audit items unsatisfactorily resolved. This measure is likely to be disproportionate for the risk involved, and potentially expensive with the direct effect of increasing costs

B7	***This guidance places emphasis on the need for the chief risk officer to have a direct reporting line to the board risk committee chair (Principle A8, paragraph 47).*** Should this reporting line become the chief risk officer's primary reporting line or should the chief risk officer's primary reporting line be to the chief executive officer? Would it be appropriate for the chief risk officer to have a reporting line to an executive other than the chief executive officer?	
B8	***This guidance defines the need for the chief risk officer and risk function to provide independent risk oversight and challenge. It also proposes that the chief risk officer should not separately approve operational decisions or otherwise endorse or 'sign-off' key management decisions (Principle B3, paragraph 65).*** Are these statements consistent with chief risk officer membership of the executive committee and/or board? In what circumstances is it appropriate for the chief risk officer to authorise or veto first line management decisions?	
B9	***The operation of the risk function and its relationship with the other lines of defence is widely considered in the guidance (Part B generally).*** Does the guidance sufficiently cover the interaction between the risk function and the other lines of defence, giving adequate clarity? Is the description of the three lines of defence framework (set out in Appendix 1) a helpful addition to this guidance?	

We would finally like to ask you for your broader views.
(Any explanations you can provide to elaborate will be very helpful.)

PART C

C1	Does the guidance encourage you to review and evaluate your current risk arrangements?	The draft guidance has prompted a discussion within our membership base on the proposals and on their individual risk arrangements. Any appropriate intervention that prompts new thinking on governance issues is to be welcomed and ensures incremental improvements in the arrangements within individual firms and then ultimately the industry as a whole
C2	What metrics might you use to gauge the extent to which the guidance has been adopted by your organisation, and the progress to be made towards this?	
C3	How do you envisage reporting your organisation's adoption of and adherence to the principles set out in the guidance?	We have not identified any firms within our membership base that are intending to formally adopt the proposed standards. In some cases, particularly where firms are regulated by the PRA as well as the FCA, the principles are already followed. Reasons for non-adoptance in these firms are mainly due to the
C4	Do you have any other comments? How might this guidance be enhanced and made more useful?	On the whole, as mentioned in answers to other questions, we believe that it provides a useful framework for companies to improve their risk management approach. Companies that our membership base seek to invest in will be strengthened by an increased focus on some of the principles described in the draft guidance

If you are happy with this completed form, please submit the details to the Risk Coalition Research Company via email, by pressing this button. We will ensure you receive a copy of the final guidance when published.

SUBMIT FORM

The Risk Coalition

Leading Risk Thinking

WHO IS THE RISK COALITION RESEARCH COMPANY?

The Risk Coalition Research Company Limited is a not-for-profit company established to propose, initiate, administer and deliver Risk Coalition approved projects and initiatives, the first of which is this guidance.

The Risk Coalition is an informal public interest coalition of not-for-profit, primarily professional membership, organisations with a mutual interest in enhancing the quality of risk governance and risk management across all UK business sectors, focusing initially on the UK financial services sector.

The establishment of The Risk Coalition gives a strong voice with regulators and regulated firms. Through their membership base, the Coalition will be able to help promote definitive guidance with consistent and widespread adoption.

The Risk Guidance Initiative has considerable industry, professional body, academic and regulatory support and aims to issue its guidance later this year following review of this consultation paper.

RISK GUIDANCE INITIATIVE TEAM

HANIF BARMA

ACA MBA

Hanif brings extensive expertise of boards, risk and assurance through his career as a governance consultant.

CHRIS BURT

FCA CISA CISSP

Chris is a highly experienced governance consultant working with clients on board, risk and audit matters.

BRYAN FOSS

CDir CEng MCSI CDipAF

Bryan brings relevant expertise as a non-executive director, risk committee member and visiting professor.

PETER NEVILLE LEWIS

CMIRM

Peter is an experienced consultant with particular focus on behaviours, culture and strategic decision making.

feedback@riskcoalition.org.uk

+44 (0)20 3823 6569

www.riskcoalition.org.uk

86-90 Paul Street . London . EC2A 4NE

The Risk Coalition

Leading Risk Thinking

THANK YOU

The Risk Coalition would like to thank the following people who have contributed in many ways to the production of this report through participating in Working Groups and providing critical feedback at various stages. Their support and inputs have been invaluable and are greatly appreciated.

Dr Scarlett Brown
Director of Policy and Research, Tomorrow's Company

Daniel Bruce
Partner, Crowe Horwath Global Risk Consulting LLP

Marcia Cantor-Grable
NED and Regulation Board, Institute and Faculty of Actuaries

Gill Clarke
Head of Group Strategy and Compliance, Hermes Investment Management

Nicola Crawford
Former Chair, Institute of Risk Management

Brandon Davies
NED and Lecturer University of Buckingham

Andrew Duff
Director, EY

Steve Fowler
Governor and Chair Audit and Risk Committee, University of West London

Alex Hindson
CRO, Argo Global

Peter Kelk
CRO, Charles Stanley

Kathryn Kerle
Chair, Greater London Mutual

Clive Martin
Practice Leader Internal Consulting Group; Former People Advisory Services Lead, EY

Professor Mike Power
Professor of Accounting, London School of Economics; NED (Audit and Risk Committees) RIT Capital Partners

Liz Sandwith
Chief Professional Practice Advisor, Chartered IIA

Richard Settle
CRO, Euroclear UK

Martin Stewart
Former Director of Supervision, Banks, Building Societies and Credit Unions, Prudential Regulation Authority

Richard Sykes
Chair, Brand Finance; Ex-UK Head of GRC, PwC

Paul Taylor
Risk Committee Chair, Ascot Underwriting; Former Chair, AIRMIC; Former VP FERMA

John Thirlwell
Chair, Cash EuroNet LLC; Former Director, Institute of Operational Risk

Carolyn Williams
Director of Corporate Relations, IRM

Paul Wright
FR Consulting; Former UK Exec Director IMF; Senior Director, Institute of International Finance

CONSULTATION DOCUMENT – 26 JUNE 2019

See full disclaimer and rights below.

The Risk Coalition

Leading Risk Thinking

enquiries@riskcoalition.org.uk

+44 (0)20 3823 6569

riskcoalition.org.uk

86-90 Paul Street . London . EC2A 4NE