

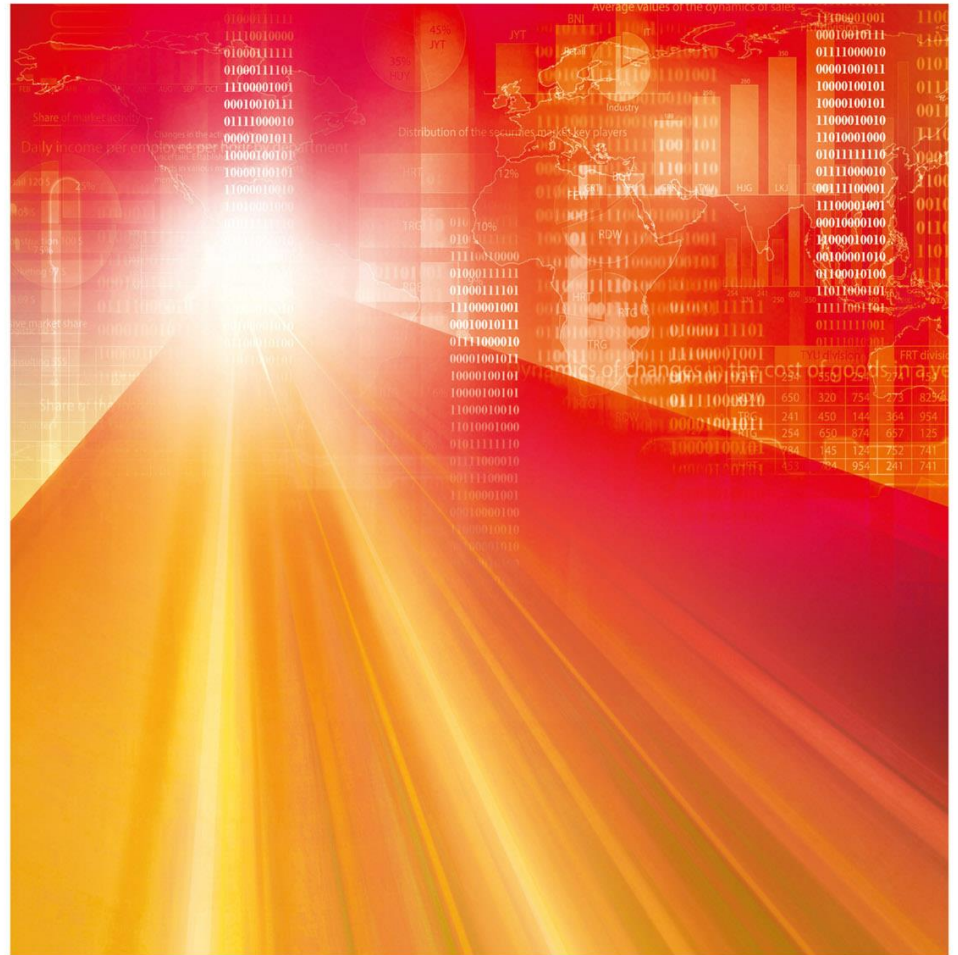
Enterprise Risk Management Seminar

Practical Risk Management



**Actuaries
Institute**

20 September 2016 • Sydney



ROLE OF THE CRO

Matt Wilson

Chief Risk Officer & General Counsel

20 September 2016

we help people get their lives back

OVERVIEW

we help people get their lives back

CONTEXT AND PURPOSE OF CRO FUNCTION

- Each organisation is differentiated by: vision, values, strategic journey, its capability and culture DNA
- CRO is appointed by Board and reports to the CEO
- Independent from the revenue and operational owners in line 1. The CRO sits in line 2...**but can still work with them!**
- CRO leads the way for risk taking across the business through the implementation of the RMF and risk appetite:
 - to achieve strategic outcomes within the board's stated risk tolerance; and
 - engaged with the organisational culture
- Innovation is risk taking – **CRO engagement is critical to success**

CRO DUTY STATEMENT – APRA REGULATED

- Responsible for the **design and implementation** of the Board approved RMF
- **Supporting the Board** in its obligations for Risk Management under APRA CPS220
- Overseeing the **operation of the business** within the board approved risk appetite statement
- **Championing a sound risk culture** in conjunction with the leadership team
- Focus senior management on **managing all material risks** consistent with strategy and risk appetite
- Recommending the **operational structure** to the CEO
- Developing **policies and protocols for risk taking**
- Assessing **adequacy of risk management resources**
- Understanding the **uncertainties** attached to risk management and communicating to the board and leadership team

CRO DUTY STATEMENT – CONT.

- Responsible for the **oversight of the internal control environment** for consistency with risk appetite and capital strength
- Responsible for overseeing a **RMF that provides reasonable assurance that material risk are being prudently and soundly managed** within the organisational context
- **Monitors and develops the risk management framework** and key related documents ie RMS
- Jointly responsible with CFO for **monitoring and development of the ICAAP**
- Responsible for the **risk information system**
- Notifies the Board Risk Committee of a **breach or deviation** from the RMF
- Oversees a **risk review cycle**
- Oversees forward looking **scenario analysis and stress testing programs** in consultation with the AA

SECTION 1

CRO DUTY STATEMENT – CONT.

- Arranges the **annual review of the RMF** by Internal Audit
- Arranges **independent review** of the appropriateness and effectiveness of the RMF every 3 years
- Oversees the sign off for the **Annual Risk Management Declaration to APRA**
- A key stakeholder in the **business planning process** including sign off on whether key material risks can be managed **effectively and within risk appetite**.

USEFUL SKILLSET FOR A CRO

- Financial acumen – understand financial and capital drivers/levers (money)
- Mindfulness & self awareness (you)
- Understanding of human behaviour and its drivers (engagement)
- Stakeholders and their part in the business strategy (relationships)
- Two eyes, two ears and one mouth (your style)
- Tolerance for coaching and mentoring (building capability)
- Objectivity during situational events (temperament)
- Accepting of the CRO duty statement (trusted adviser)
- Community, collegiate and collaborative (risk culture)
- Maintaining your professional responsibilities (always)

PROFESSIONALS AS CRO

we help people get their lives back

SECTION 2

GREAT CHIEF RISK OFFICERS

**“ACTUARIES AND
OTHER PROFESSIONALS
MAKE GREAT
CHIEF RISK OFFICERS...
COLLECTIVELY THEY PROVIDE
A POWERFUL, PROFESSIONAL
SKILLSET”**

ACTUARIES & OTHER PROFESSIONALS

ACTUARIES

- Are thinkers and get over detail (**mind based**)
- Good at getting to the bottom of things – root cause analysis
- Scenarios and predictive thinking
- Good at working with other professionals

LAWYERS

- Generally like to chat (**heart based**)
- Tend to be good with words
- Understand legal risk

PSYCHOLOGISTS

- Understand people and their drivers (**spirit**)
- Advise on human behaviour
- Help maximise org performance
- Great personal coaches for CRO's



CONTACTS

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