

## **Media release**

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### **IRM Issues New Guidance on Risk Appetite**

The Institute of Risk Management (IRM) has issued new guidance on the subject of risk appetite and tolerance aimed at helping organisations better understand the risks they take when pursuing their strategic objectives. IRM's guidance document has been endorsed by the Chartered Institute of Internal Auditors, the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators, The Chartered Institute of Public Finance and Accountancy and Alarm, the public risk management association.

IRM Deputy Chairman Richard Anderson, the main author of the report, explained "Risk appetite today is a core consideration in any enterprise risk management approach for organisations of all types, yet there is little widespread understanding about what it means and how it can be applied. In the light of the explicit requirement in the UK Corporate Governance Code for boards to understand the nature and the extent of the risks that they face, IRM decided to take the lead on drawing together some practical guidance on the subject, aimed at board members as well as risk professionals. We are particularly pleased that other respected professional bodies are supporting our work - risk is everyone's business and a common understanding and approach helps us work together to address this challenging area."

Anderson continued, "Our underpinning precept is that organisations can only progress by taking those risks that they need to embrace and managing down those that they wish to avoid. Our recommended approach to risk appetite, based on the wide experience of our members and also benefitting from an extensive consultation exercise earlier this year, is intellectually rigorous as well as highly practical. We think we have managed to outline a process which should be proportionate to an organisation's risk management maturity, capability and culture and, most importantly, supported by appropriate data. Nevertheless, we do not think that this is the last word on the subject in such a fast-moving environment and we are extremely interested in receiving feedback on this work."

IRM's work has also been welcomed by leading specialist advisers in the field. Larry Rieger, CEO of Crowe Horwath Global Risk Consulting, said "As an integrated global risk consulting business, I can testify to the fact that our clients are debating risk appetite. That is why we are pleased to support the work of the Institute of Risk Management in moving this debate forward." Neil Mockett, CTO at Charterhouse Risk Management added "Charterhouse Risk Management is delighted to be associated with the launch of this paper after contributing to the consultation process. Our own experience with clients confirms that an effective approach to risk appetite is critical and that the whole process must be undertaken with a practical rather than theoretical vigour."

Richard Anderson summed up the work as follows: "Fundamentally, this is about helping boards to steer their organisations in achieving their objectives, as well as complying with corporate governance requirements. In the corporate world this will result in more sustainable, long term value creation and in the public sector or not-for-profit world, it will result in better social outcomes."

The IRM paper Risk Appetite and Tolerance is available for free download at [http://www.theirm.org/publications/risk\\_appetite.html](http://www.theirm.org/publications/risk_appetite.html)

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#### Note to Editors

The Institute of Risk Management (IRM), currently celebrating its 25th year of operation, is the world's leading enterprise-wide risk education Institute. We are independent, well-respected advocates of the risk profession, owned by practising risk professionals. IRM passionately believes in the importance of risk management and that investment in education and continuing professional development leads to more effective risk management. We provide qualifications, short courses and events at a range of levels from introductory to expert. IRM supports risk professionals by providing the skills and tools needed to put theory into practice in order to deal with the demands of a constantly changing, sophisticated and challenging business environment. We operate internationally with members and students in over 90 countries, drawn from a variety of risk-related disciplines and a wide range of industries.

Richard Anderson, IRM Deputy Chairman and principal author of the Risk Appetite and Tolerance guidance paper, is Managing Director of Risk Services at Crowe Horwath Global Risk Consulting. Photo of Richard Anderson is available on request.

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