

IRM Innovation Special Interest Group (Zoom meeting)

Minutes - 4th May 2022

Attendees:

Sarah Gordon (Co Chair) (SG)	Linda Kabande (LK)
Rodrigo Souza (Co Chair) (RS)	Rachel M (RM)
Birgit	Celestina Mahovo (CMA)
Alberto Danso (AD)	Andy Moody (AM)
Sandra Faddoul (SF)	Chiedza Unity Mukwin (CMu)
Fatima	Josphat Muriithi (JM)
Gabriel Glizer (GG)	Abraham Okpom (AO)
John Greenwood (JG)	Laura Robinson (LR)
Michael Hartley (MHar)	Brian Roylett (BR)
Michelle Hazzard (MHaz)	Soorya Sasidharan (SS)
Russell Heppelston (RH)	Felipe Sgarbi (FS)
Katalin Horvath (Secretary) (KH)	George Tabear (GT)
Susan Howlett (SH)	May Than (MTh)
Varinder Jassal (VJ)	Mark Turner (MTu)
Bolanle Johnson (BJ)	Jane Walde (JW)
Isiwat Johnson (IJ)	David Waller (DW)
Martin Johnson (MJ)	

Item	Area/Issue Of Discussion	Action Owner
Introductions	SG introduced the meeting - an open-mic session to present innovative ideas for risk management tools and methodologies, with an angle around sustainability. Each of the participants introduced themselves.	
Minutes	SG said that the minutes of the previous Innovation SIG meeting (3 Mar 22) were available on the IRM website and asked for any amendments. None were raised.	
Innovation SIG background and activity	<p>SG summarised the Innovation SIG activities, saying that the group, one of the IRM's long-running SIGs, convenes bimonthly to share good practice tools and ideas for risk management.</p> <p>In recent years, the group has issued thought leadership on horizon scanning and organisational resilience (lead-authored by RdS). In Sept 2021, the Innovation SIG ran a well-attended conference on "How is Digital Innovation Revolutionising Risk Management?".</p> <p>The group's theme in 2022 is around the role of risk management in helping organisations operate more responsibly and sustainably, within ESG principles.</p>	
Open-mic session	<p>This was the second open-mic session by the Innovation SIG. The floor was open for participants to present their ideas for risk management tools and techniques supporting sustainability (3 min presentation each, followed by questions).</p> <p>The following tools and ideas were presented and discussed:</p> <p><u>Brian Roylett - Principal, Roylett Risk Management (Australia)</u></p> <p>BR presented a straightforward tool to assess/benchmark organisational resilience and maturity. The tool facilitated a survey-style assessment of companies on eight</p>	

	<p>primary attributes in order to ‘baseline’ performance and resilience and determine opportunities for improvement.</p> <p>MJ asked whether management and employees ever disagree in their assessments. BR said “always”, and that to address this, cognitive biases influencing organisational ratings should be identified. Then, the survey results can be shared with different levels in the organisation to discuss the reasons for biases and opposing views, and facilitate common understanding.</p> <p>RH asked where risk management sits within the resilience maturity model. BR said that resilience focuses on existential threats while risk management focuses on uncertainties linked to objectives - i.e. they are distinct. But effective risk management supports better organisational resilience.</p> <p><u>Laura Robertson – President, Swale House Partners (USA)</u></p> <p>LR presented a tool/ methodology used by her company to manage public sector risks for inter-agency control frameworks. This tool provides a common language for control development, helpful in aligning agencies whose risk ‘vocabularies’ and perspectives may vary. The tool uses numerous risk-related data points such as rights and obligations, dependencies, stakeholders and controls assessment for a common understanding of risks and controls and where they need to get to.</p> <p>JW asked how the different types of controls (Preventive, Directive, Corrective and Detective) are chosen. LR said that an analysis would be taken of how the different controls work together and where gaps may lie (for instance, if a law did not exist on a particular subject, then a certain directive control may not work).</p> <p><u>Felipe Sgarbi - Climate Risk and Adaptation, WayCarbon (Brazil)</u></p> <p>FS presented a tool used by his company to assess climate risks and related financial impacts for different types of infrastructure, anywhere in the world. The tool incorporated data to help decision makers assess their risks and enhance resilience. It could be used for asset or city/location level and be directed to different sectors (e.g. agriculture) for different climate conditions. Applications included water security, city planning, governments and infrastructure. The models used are global.</p> <p>The tool incorporated variables based on IPCC¹ methodology, including threats, exposure and vulnerability. The outputs lead to a risk index.</p> <p>RdS asked how long it takes to run a model. FS said that this is immediate, as the data for different types of threats is already available.</p> <p>RH asked if the tool could help companies become more mature and imaginative with scenario planning because the results would be immediately visible. FS said yes, it was being used in this way, and has resulted in city-led interventions (mainly in Brazil, to date).</p>	
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¹ Intergovernmental Panel on Climate Change

JW asked if assumptions could be run for emerging/future scenarios such as global warming in 10 or 20 years time. FS said yes, different times horizons could be chosen, as well as different assumptions for greenhouse gas levels.

Martin Johnson - Risk Consultant, [St James Place Wealth Management \(UK\)](#)

MG presented **ideas on how to better engage stakeholders on risk:**

- (1) KISS - 'Keep It Simple Stupid'. Don't overcomplicate risk messaging
- (2) Use plain / simple language, not jargon that some may not understand
- (3) Present work visually, with user-friendly diagrams and illustrations
- (4) Tailor your approach to your audience
- (5) Use creativity. (MJ presented a risk and controls assessment tool that they use as an example)
- (6) Show your passion; it is infectious.

SG asked whether SJ uses formal terms like 'impact' and 'likelihood' in his risk management work. MJ said yes, but behind formal terms and risk registers are conversations with the business including insights and collaborative problem solving where commonly understood language is used.

Jane Walde - Senior Risk Management Consultant (UK)

JW presented an **'extended enterprise' model that maps an organisation's internal and external influences, inputs and outputs to each of the [17 UN Sustainable Development Goals \(SDGs\)](#)**. She illustrated the example of a sugar processing plant, mapping its inputs, suppliers, core activities and outputs to the SDGs. Insights emerged around the contrasting SDG impacts of the various aspects of the business - e.g. ethanol (by-product) may be helpful in bringing in jobs (alleviating poverty) but is bad for health (sugar/obesity); however, ethanol is a green fuel (environment). In this way, the different ESG impacts could be viewed collectively for a comprehensive picture of the entity's overall impact.

SG asked if the tool could help to raise understanding of risks relating to operating in a certain location. JW said yes - for example, the tool could facilitate insight on a company's risk level if it has lots of inputs or outputs in a location that is particularly vulnerable to climate change risks. The tool could also show points of resilience.

RH asked how mature organisations are in addressing non-climate SDGs. JW said this varies widely.

RdS asked if the model could be turned on its head to understand how the SDG touch points indicate a company's risk level. Jane said yes - for instance, if one of the SDGs suddenly became more important, the model could show what inputs, outputs etc relate to it. This would then inform what needs to be done to increase resilience.

Later in the session, SG again referenced the model and said that if there were no drilling, there would be no metal for wind turbines and other green equipment. However, the drilling needs to be done responsibly - this is the essence of responsibility, understanding all aspects of ESG impacts from the company's activities and finding ways to operate more sustainably.

	<p><u>Michael Hartley - Founder, CEO, Minetell (Canada)</u></p> <p>MH presented a tool and strategy to improve understanding and engagement of decision makers and stakeholders on companies’ ESG- related performance. He called out the challenge of being able to rely on ESG performance information rather than pure reporting. Lots of reporting is available, but the true step change is in measuring how organisations actually <i>perform</i>. This involves understanding the quality of data available and what to measure/ what really counts.</p> <p>In many companies, there is “oversight” without “insight”. For instance, on Indeed.com, there are twice as many ESG reporting roles being advertised as there are risk management roles - a concerning statistic.</p> <p>Moreover, there is the question of who even reads ESG reports. “How many people have read their sustainability report cover to cover? How many have read their competitors’ sustainability reports? And why would anyone read yours?”.</p> <p>LR noted that the Public Sector Accounting Standards Board is trying to have climate disclosures added to accounting so that the Accounts General and Audit General can use it.</p> <p>BJ asked about measuring performance. Was there a conflict between what <i>should be</i> measured vs what is <i>actually</i> measured? MH said yes - that is where it is important to set the context between what has happened and what is happening, where controls are working, to illustrate how ESG values are performing, and the impact on the risk exposure. Ultimately, the objective is to eliminate unacceptable exposure to ESG risk.</p>	
<p>Wrap-up notes</p> <p>Conference on raw materials responsible sourcing</p>	<p>SG thanked all participants and presenters and reflected on one of the points during the meeting - different groups often have opposing perspectives and views. Ultimately, people have the same objectives but use a different lens (e.g. engineering vs accounting views on ESG). As risk managers, we must listen carefully and understand where common ground or conflicts lie, and bring these together.</p> <p>In this context, SG informed participants of a Responsible Raw Materials conference to be held 9-13 May 2022 on ‘Mining’s role in unlocking a ‘Just’ transition.’ This conference would bring together different views on ESG risks in raw materials for the mining sector, but the concepts could be extended more broadly.</p> <p>Speakers would include the Chief UK scientific advisor to the UK, mining investors (how does an investor measure ESG aspects of an investment in a mining company), the London Metals Exchange (how does a marketplace measure ESG?) and others outside the sector who will share their views on how mining and sustainability can meet.</p>	
<p>Next meeting</p>	<p>The next meeting date was tbd but would be in about two months (i.e. early July 2022) and posted on the IRM’s website. Participants agreed they would like a third open mic session, for a ‘trilogy’.</p>	<p>SG</p> <p>All</p>

	<p>Participants were invited to offer their ideas for further tools, strategies and methodologies, and to email SG (sarah@satarla.com) or RdS (Rodrigo.Souza@roehampton.ac.uk) if they would like to present. SG added that she would present different ways of conducting scenario analysis.</p>	
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