

ELEMENTS OF AN EFFECTIVE ETHICS PROGRAM

RISK ASSESSMENT

WHAT IS A RISK ASSESSMENT?

Risk assessment is a continuous process by which risks (potential occurrences that could negatively impact an organization's key goals) are identified, prioritized and addressed. There is no one-size-fits-all or widely adopted standard for risk assessment.



WHY CONDUCT A RISK ASSESSMENT?

- ✓ Determine focus of policies and procedures, code of conduct, training and communications
- ✓ Follow standards that say ethics programs should be based on company's risk profile
- ✓ Identify gaps in your ethics and compliance program to prepare for risks

OTHER RESOURCES

Committee of Sponsoring Organizations of the Treadway Commission (COSO): www.coso.org



IDENTIFY RISKS

With a cross-functional leadership team, brainstorm issues that could result in legal, reputational or financial impacts to your business. Ask, "what keeps you up at night?"



PRIORITIZE RISKS

Gather the team again to debate the relative impact and likelihood of each risk. Plot the risks on a graph, with impact on one axis and likelihood on the other.



ADDRESS RISKS

Create mitigation plans for the risks with the highest impact and highest likelihood. Use tools like written policies and procedures, training and communications.



MEASURE AND REPEAT

Restart the process by assessing the remaining risks and determining the effectiveness of your strategy. If not effective, you'll have to try another approach.