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Foreword

In keeping with its overall mission, the COSO Board commissioned and published in 2017 *Enterprise Risk Management—Integrating with Strategy and Performance*. That publication recognizes the increasing importance of the connection between strategy and entity performance as well as concepts and applications of enterprise risk management. The second part of that publication, the Framework, accommodates different viewpoints and organizational structures to enhance strategies and decision-making. It also sets out core definitions, components, and principles, and it provides direction for all levels of management involved in enterprise risk management.

During the development of *Enterprise Risk Management—Integrating with Strategy and Performance*, the PwC Project Team received requests for the publication to include examples of the Framework in use. The publication you are reading now responds to that request, providing illustrations of how organizations of different types and sizes and in different industries and geographies might choose to apply these principles. All the examples were developed by identifying industry practices through interviews, case studies, and research.

Each example focuses on a specific industry, but those in other industries can benefit from the insights. Similarly, while each example describes how a different entity has scaled and adapted the principles, other entities can use the information as they see fit.

The COSO Board would like to thank PwC for its significant contributions in developing *Enterprise Risk Management—Integrating with Strategy and Performance: Compendium of Examples.*

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1. Introduction

The COSO publication *Enterprise Risk Management—Integrating with Strategy and Performance* sets out a relationship between an entity's mission, vision, and core values; its strategic goals and directions; and the approaches used in carrying out its strategy.

This complementary publication offers a compendium of examples to illustrate how an organization might apply principles from *Enterprise Risk Management—Integrating with Strategy and Performance* to its day-to-day practice. Each example highlights specific principles that are relevant to entities of different types and sizes in different industries. Together, the examples relate to each of the five components and twenty principles set out in the Framework.

How to Use This Document

To get the most out of this publication, your organization should consider the principles in the Framework and how to tailor them to the particular strategies, business objectives, risks, and opportunities for the entity. The first step is to think about the size, scale, and complexity of your organization, and then find the section that best applies (see below).

Each example is a standalone case, which means that not all aspects of the components and principles are illustrated in each case. Nor are the examples meant to provide "how-to" instructions or illustrate best practices. But all the components, principles, and definitions illustrated here are discussed in *Enterprise Risk Management—Integrating with Strategy and Performance*, and you should refer to that publication for a comprehensive discussion of how entities design, implement, and oversee enterprise risk management.

Keep in mind that this compendium of examples is written from the perspective of day-to-day business practices, which does not preclude a risk management function from having its own separate activities. In many cases, a risk function exists within a regulated industry that must adhere to specific activities set by the regulators. **This publication is not intended to interpret or supersede regulations that apply to any entity.**

Also note that smaller entities may apply these principles using different approaches. For example, all public companies have boards of directors or other similar governing bodies with oversight responsibilities relating to the achievement of an entity's strategy and business objectives. A smaller entity may have a less-complex operation, governance and operating model, and organizational and legal structure. Management may also communicate more frequently with directors, enabling greater reliance on board oversight for enterprise risk management practices.

Some entities that are just beginning to develop enterprise risk management capabilities may find the examples to be complex, while entities that have more advanced enterprise risk management capabilities may find them simplistic. Keep in mind that this compendium was written for a wide audience and is not intended to be tailor-made for any one organization. Rather, it provides additional context and understanding to the Framework.

What the Examples Include

The examples have been developed for entities of different sizes (local, national, international) and in different sectors, organized as follows:

Local

- Financial services company (Chapter 4)
- Consumer products company (Chapter 7)

National

- Government entity (Chapter 3)
- Energy company (Chapter 5)
- Technology company (Chapter 8)
- Healthcare company (Chapter 10)

International

- Higher education institution (Chapter 2)
- Not-for-profit entity (Chapter 6)
- Industrial products company (Chapter 9)

Applying the Principles

The examples in the various chapters show how the principles can be applied, with each focusing on aspects of different components covered in *Enterprise Risk Management—Integrating with Strategy and Performance*. Each example:

- Provides context to the industry in which the illustrated entity operates (both external and internal environments).
- Provides background information on the specific entity.
- Highlights the applicable principles.
- Discusses in detail how the organization applies those principles.
- Shows how enterprise risk management is integrated with the business.
- Summarizes the key benefits of those enterprise risk management practices.

Please note that the names of organizations and people in the examples are fictional, and any resemblance to actual organizations and people is coincidental.

What Principles Are Covered

Table 1.1 shows which principles are primarily illustrated in the examples for each type of entity (denoted by a "◆"). Some of the examples include secondary information beyond the primary principles to provide context (e.g., information about the risk appetite or business context), denoted by an "*." The presentation of the examples follows the order of components in the Framework that the principles primarily relate to (Governance and Culture; Strategy and Objective-Setting; Performance; Review and Revision; Information, Communication, and Reporting).

Table 1.1: Principles Illustrated by Examples

	INDUSTRY								
	Higher Education	Government	Financial Services	Energy	Not-for-Profit	Consumer Products	Technology	Industrial Products	Healthcare
PRINCIPLE									
1	◆								
2	◆								
3		◆	◆						
4		◆	◆						
5		◆	◆						
6			*	◆	◆				
7				◆	◆			*	
8	*			◆	◆		*		
9				◆	◆				
10						◆	◆		
11						◆	◆		
12						◆	◆		
13						◆	◆		
14	*					◆	◆	◆	
15								◆	
16								◆	
17								◆	
18									◆
19									◆
20	*	*				*	*		◆