

ENTERPRISE RISK MANAGEMENT AND THE SUSTAINABLE DEVELOPMENT GOALS

A PATH TO BETTER BUSINESS

The world is changing. Businesses face new and emerging risks related to resource scarcity, climate change, poverty, hunger, inequality, instability and more. The good news is, we're in a better position to address these issues than ever before.

By Rodney Irwin



**PROF. DR
RODNEY IRWIN**
is Managing Director of Rethinking Value and Education at WBCSD, a Fellow of the Institute of Chartered Accountants in Ireland, a Certified Fraud examiner, a Certified Compliance and Ethics Professional and a Specialist member of the Institute of Risk Management UK.

The Sustainable Development Goals (SDGs) offer a clear and comprehensive agenda for global development towards 2030, representing an unprecedented opportunity to put society on a truly sustainable pathway. Put simply, the SDGs signal the need for a deep change in the way our economies work, and in the way our energy, mobility, urbanization, food and social systems contribute to planetary and societal well-being. Business has a clear role to play in stepping up and taking the lead in achieving the SDGs and building a better future. But why, and how?

As much as the SDGs need business, long-term business success also hinges on the SDGs. The Business & Sustainable Development Commission, led by over 30 business and civil society leaders, mapped the economic prize potentially available to business if the SDGs are achieved. Its Better Business, Better World report points to market opportunities of at least USD \$12 trillion a year that could be unlocked by 2030.

Put simply, achieving the SDGs isn't just about "doing what's right", it's about excelling at business

Recent research suggests that "business solutions aligned with the SDGs enable companies to better manage their risks, anticipate consumer demand, build positions in growth markets, secure access to needed resources and strengthen their supply chains." In other words, companies who have a clear understanding of their SDG interactions and impacts will ultimately be better placed to unlock market opportunities, consolidate an enduring licence to operate and manage operational and regulatory risks on the path to 2030.

How does this translate into day-to-day business practices?

New work from the World Business Council for Sustainable Development (WBCSD) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) is an excellent example. Earlier this year, the two organizations released a draft guidance for Applying Enterprise Risk Management to Environ-

mental, Social and Governance-(ESG-)related risks. The guide aims to help organizations worldwide respond to the increasing prevalence and severity of ESG-related risks, ranging from extreme weather events to product safety recalls.

The COSO Framework for Enterprise Risk Management is the most commonly cited framework by multinationals, so supplementing it with steps for understanding and managing ESG risks is a significant step forward. This is one way for business to progress towards the SDGs. If the SDGs are a lens for understanding global risks and opportunities, the COSO framework for applying enterprise risk management to ESG issues will help business integrate and manage new risks at the everyday business level. Forward-thinking companies understand that when businesses, investors and other organizations fully understand their risks – including those related to the SDGs – they have the power to make better decisions and improve their risk management profiles. All of this translates into more successful business.

In short, the SDGs are an opportunity to help drive positive change at the global level, while enterprise risk management is a chance to improve corporate governance to have a massive sustainability impact.

Sustainability is not a department, report or job title – it's the end result of a strategy that understands its relationship to nature and society, and accurately manages its risks and opportunities.

Better management of ESG risks will ultimately change the way we make decisions and govern our companies, integrating all impacts and benefits for business, people, and planet. Why not get started today?

ADDITIONAL INFORMATION

The CEO Guide to the SDGs sets out clear actions that CEOs can take to begin to align their organizations with the SDGs and plot a course towards unlocking the value they represent.

<https://bit.ly/2OAdRLf>

The draft guidance for Applying Enterprise Risk Management to Environmental, Social and Governance-(ESG-)related risks aims to help organizations respond to the increasing prevalence of ESG-related risks.

<https://bit.ly/2BTHchn>

IMPRESSUM

THE REPORTING TIMES
ist die Zeitung des Center for Corporate Reporting (CCR), Zürich.
www.corporate-reporting.com

HERAUSGEBER
Reto Schneider

REDAKTION & PROJEKTMANAGEMENT
Joey Bangarter, Helen Gloor, Benjamin Kaltwasser, Walter Vaterlaus,
Carol Winiger, Barbara Zäch

ART DIRECTION UND DESIGN
Martin et Karczinski Zürich, www.metk.ch

ILLUSTRATIONEN
Muti (Titelseite), www.studiomuti.co.za
Anne Lück (Porträts), www.annelueck.com

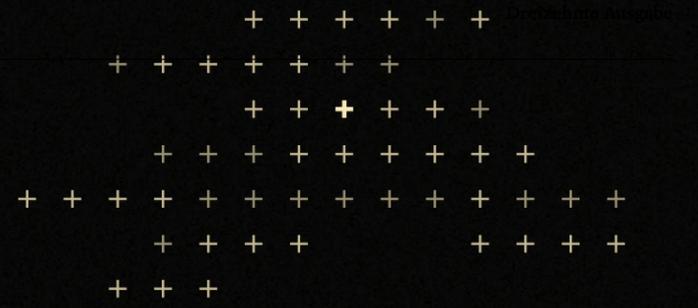
PRODUKTION
Neidhart + Schön Group AG, www.nsgroup.ch

PAPIER
RecyStar® Color, 65 g/m², chamois
mit der freundlichen Unterstützung von Papyrus

AUFLAGE
4800 Exemplare

COPYRIGHT
Center for Corporate Reporting, c/o Geschäftsberichte-Symposium AG,
Dorfstrasse 29, 8037 Zürich

www.corporate-reporting.com
www.gb-symposium.ch
www.reporting-times.com



Was wäre, wenn Ihr Geschäftsbericht mehr Geld einbringt, als er kostet?

Innovationen entstehen, wenn vermeintliche Tatsachen in Frage gestellt werden. Zum Beispiel jene, dass der Geschäftsbericht viel kostet und kein Geld einbringt.

Sprechen Sie mit uns über unsere Methode. Sie bietet überraschende, wirkungsvolle Geschäftsberichts-Konzepte im Rapid-Prototyping-Verfahren. Und dies innerhalb eines Workshoptages.

Wir freuen uns auf das Gespräch mit Ihnen:
reporting@metk.ch oder direkt Daniel Zehntner
+41 (0)44 533 26 01.

www.martinetkarczinski.ch
www.martinetkarczinski.de



identity based
publishing

MARTIN ET KARZINSKI