

Leading Strategic Frameworks for Managing Enterprise Risk

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Acronym	CSR	ERRM	ESG	GRC
Name	Corporate Social Responsibility	Enterprise Reputation Risk Management	Environmental, Social, and Governance	Governance, Risk, and Compliance
Strategic Impacts	Protecting the firm's value by fostering social good	Mitigating risks to the firm's value posed by failure to meet stakeholder expectations	Increasing the firm's value by altering core business practices to align with environmental, social, and governance stakeholders	Enabling an organization to reliably achieve business objectives while addressing compliance and risk demands
Criticisms	Virtue signaling; inauthentic and ineffective in a crisis	No standardized metrics; need to adopt parametric metrics; need to address challenges in aligning business silos around risk management framework	Green washing; lack of regulatory guidance; complex risk management schema	Check-the-box compliance becomes the least-common denominator of disparate functions
Contingent Risk Financing	N/A	Parametric insurances (Where payment is triggered by an independent measure—a parameter—whose value is easily validated by all parties.)	N/A	Conventional insurances
Corporate Owners	Marketing or CSR executive	Enterprise risk management; all relevant business department heads	Chief Legal Officer; General Counsel; Chief Sustainability Officer	Compliance Department; Chief Legal Officer; General Counsel; Audit Committee; Risk Management Department
Formalized Board Roles	Governance Committee; often a dedicated sustainability committee	Risk Committee	Governance Committee; often a dedicated sustainability committee	Risk Committee; Audit Committee; Governance Committee

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Processes				
<i>Design Influence</i>	Marketing	Behavioral economics	Accounting/audit	Compliance/audit
<i>Stakeholders</i>	Customers, social license stakeholders, and employees	Credit raters, bond market, investors, customers, employees, vendors, regulators, and social license stakeholders	Investors, customers/consumers, and employees	Regulators
<i>Implementation</i>	Varies; marketing, but potentially enterprise-wide	Enterprise-wide activities with ERM acting as the central intelligence integrator	Business activities that meet the materiality test; and the silos that support them	Enterprise-wide
Communications Strategies	Annual report supplement; marketing collateral	Expressive power of insurances; annual report and/or proxy statement	ESG ratings annual report supplement; marketing collateral	Annual report and/or proxy statement
Benchmarks/ Standards	Social accounting	Regulatory and the specific expectations of a firm's own stakeholders	ESG scores or ratings	Regulatory; GRC standards, COSO