



ERM

2024

26 september

Day

VOLVO

ERM day 2024



EY

Building a better
working world



SWERMA

Swedish Risk Management Association



V O L V O

**For Life.
To give people
freedom to move
in a personal,
sustainable and
safe way.**

PURPOSE-LED
COMPANY

PERSONAL - FOR LIFE

Life is precious. So is living. That is why Volvo Cars helps people come to life and live life freely. We celebrate individuality and the freedom to be you. We want to make life easier and to help you save time and stress. To enable joy and peace of mind. Volvo Cars comes from Sweden after all, a place that believes quality of life is as important as being alive itself.

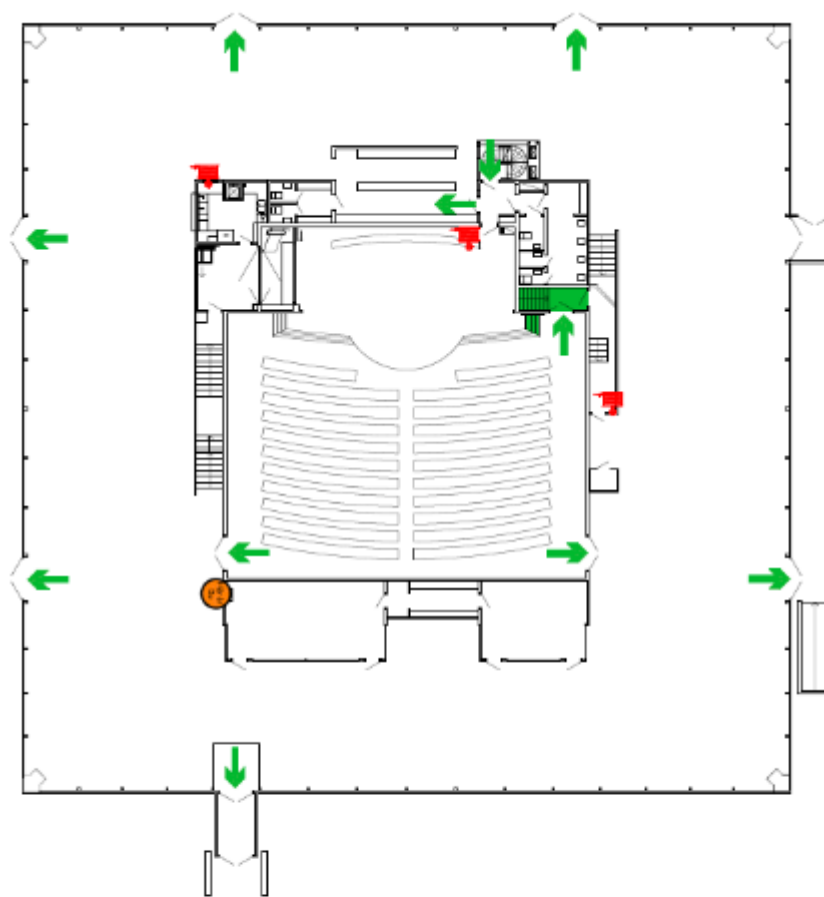
SUSTAINABLE - FOR LIFE

We do not only protect people in and around our cars. We also work hard to protect the planet we live on. We aim to be pioneers in protecting people and the planet by working towards net zero, embracing the circular economy and improving people's lives.

SAFE - FOR LIFE

In 1927 one of our founders, Gustaf Larsson, stated: "Cars are driven by people. The guiding principle behind everything we make at Volvo, therefore, is and must remain, safety." This principle made our brand synonymous with safety and is today as relevant as ever before. We will continue to aim to pioneer the safest, most intelligent technology solutions in mobility and everyday life to protect what is important to people. Their lives, and the lives they are living.

Safety first



031-590112





ERM

2024

26 september

Day

ERM

2024

26 september

Day

Karl-Johan Rodert
SWERMA



SWERMA

Swedish Risk Management Association



Agenda

Time	Agenda item	Who
08:30	Registration	
09:00 – 09:15	Welcome and introduction	Organization committee
09:15 – 10:00	Challenges and opportunities within risk management at a decentralized conglomerate	Caroline Jakobsson Head of Corporate Governance Stena
10:00 – 10:45	Unlocking the value of risk quantification: real-world applications, challenges, and future trend	Panel discussion Faciliator: Ulrich Adamheit
10:45 – 11:15	Coffee Break	
11:15 – 12:30	Interrelations between risk management and strategy development	Torben Juul Andersen Professor Copenhagen Business School
12:30 – 13:45	Lunch	
13:45 – 14:30	Our way of leveraging GRC-capabilities into ESG	Cigdem Günes Head of Corporate Governance H&M Group
14:30 – 15:30	Interactive workshop: Strategic resilience	EY
15:30 – 16:00	Coffee Break	
16:00 – 16:50	Interactive workshop: Strategic resilience cont.	EY
16:50 – 17:00	Summary of a great day	Organization committee
17:00	Closing	



ERM

2024

26 september

Day

AGENDA FOR THE DAY



ERM

2024

26 september

Day

Challenges and opportunities within risk management at a decentralized conglomerate

Caroline Jakobsson
Head of Corporate Governance
Stena





Challenges and Opportunities within risk management at a decentralised conglomerate

26/09/2024

AGENDA

Focus areas

- **Stena AB Group**
- Risk Landscape
- Challenges and Opportunities



STENA AB

Care in everything we do

- With care, innovation and efficient performance as their guiding principles, our 15,400 employees around the world create value for our customers every day



54,959

TOTAL REVENUE, MSEK



ACTIVITIES ALL
OVER THE WORLD



131

VESSELS INCLUDING
NEWBUILDINGS



201

WIND TURBINES



28,900

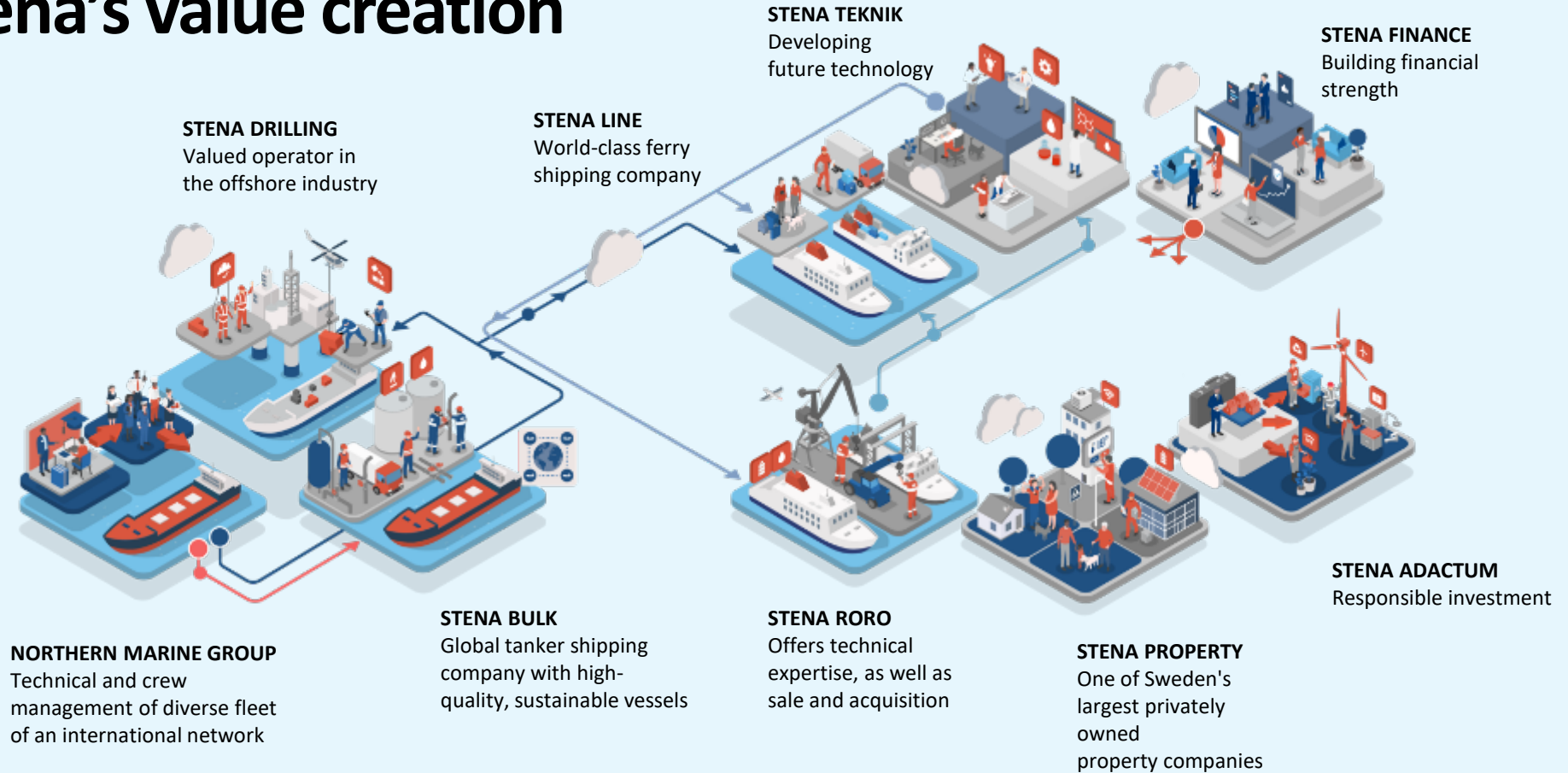
RESIDENTIAL AND
COMMERCIAL UNITS



15,400

EMPLOYEES

Stena's value creation



AGENDA

Focus areas

- Stena AB Group
- **Risk Landscape**
- Challenges and Opportunities



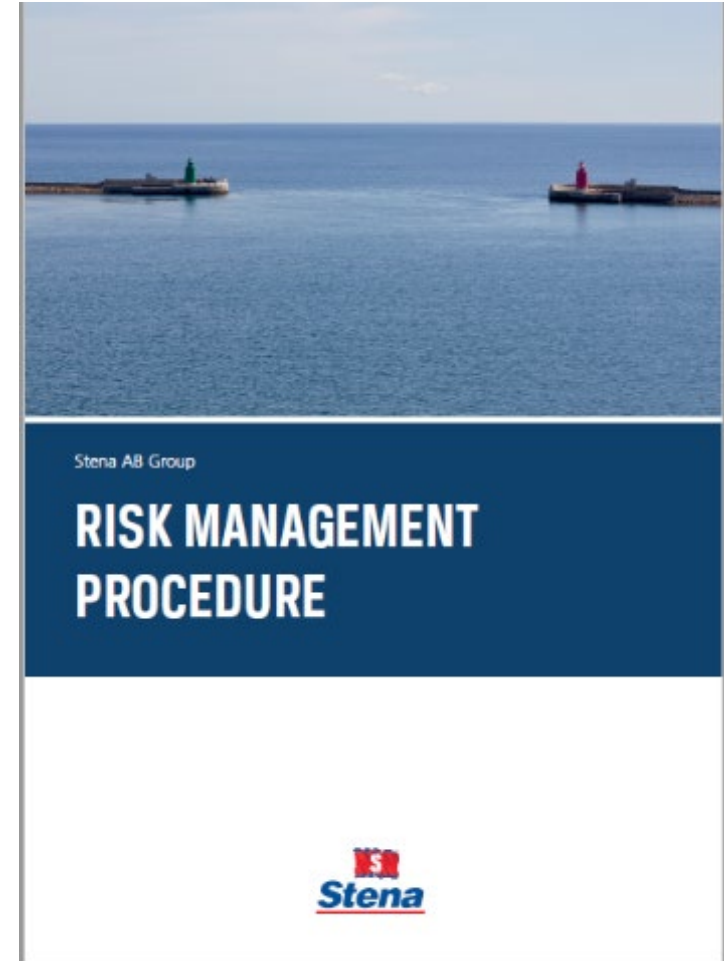
Our journey

- Loop requirements, implementation, follow up
- Facilitate
- Business-like
- Clarity



Risk Management Procedure

- ISO 31000
- Risk Management Process
- Risk Taxonomy
- Risk Universe
- Risk Assessment Scale



Risk areas

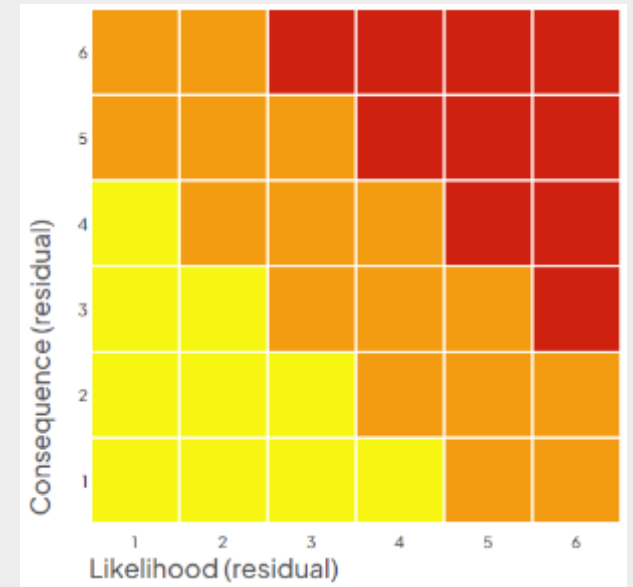
Strategic risks



External risks



Organisational risks



AGENDA

Focus areas

- Stena AB Group
- Risk Landscape
- **Challenges and Opportunities**





CHALLENGES AND OPPORTUNITIES

Business model

- Diversified-
- Decentralised-
- Entrepreneurial-
- Family-owned conglomerate

Challenges and Opportunities

- Different businesses, ways of working, maturity levels
- Risk analysis that adds value
- Manual group consolidation
- Colours in heat map wrong for everyone
- Sharing knowledge between companies – and with us





CHALLENGES AND OPPORTUNITIES

Way of working

- Close cooperation
- Meaningful risk analysis for the companies
- One structure
- Board and Management – Tone from the top

Conclusion

- Purpose/why
- Same language
- Open minded/humble
- Adjust when needed
- It's a process!





Thank you!

Caroline Jakobsson
Head of Corporate Governance, Stena AB
caroline.jakobsson@stena.com

ERM

2024

26 september

Day

**Unlocking the value of risk
quantification: real-world
applications, challenges,
and future trends**

Panel discussion
Moderator: Ulrich Adamheit



Risk quantification – condition sine qua not for Enterprise Risk Management?



VOLVO



ERM
2024 **Day**
26 september

COFFEE BREAK

10:45 – 11:15

ERM

2024

26 september

Day

Interrelations between risk management and strategy development

Torben Juul Andersen
Professor
Copenhagen Business School



ERM (Enterprise Risk Management) Day

SWERMA

Swedish Risk Management Association

Interrelations between risk management and strategy development

Thursday, September 26, 2024

Torben Juul Andersen

Professor

Department of International Economics, Government, and Business

Background

Financial economist, international banker, strategy scholar (UNC-Chapel Hill)

George Mason University, Johns Hopkins University, Copenhagen Business School

Research interests:

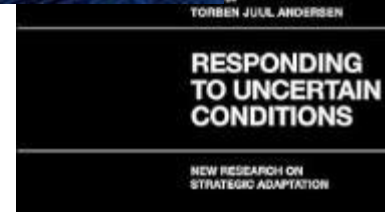
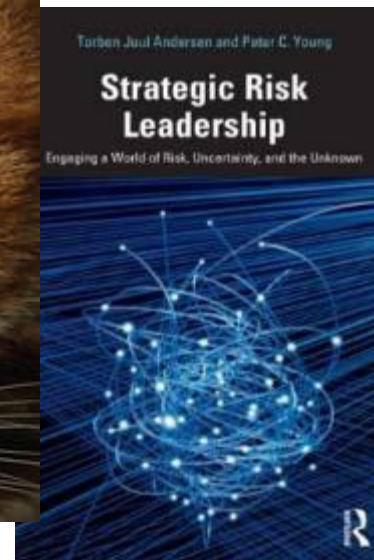
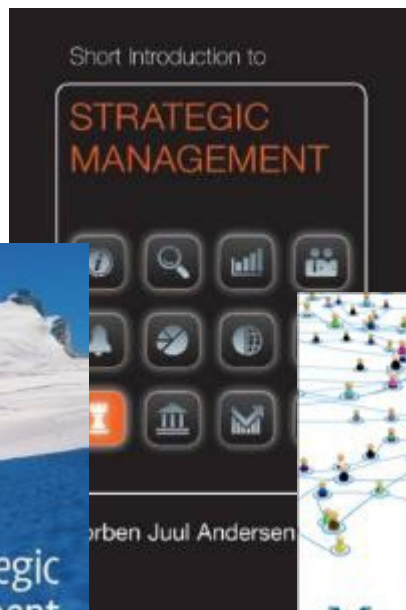
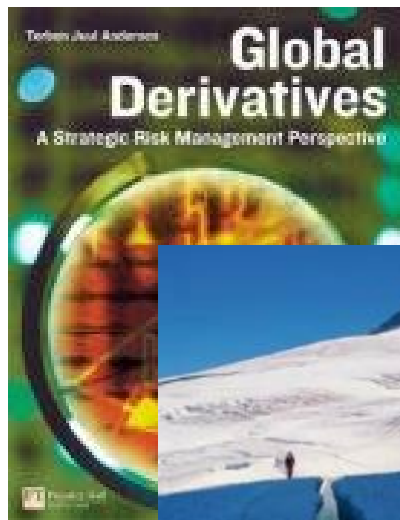
- Adaptive strategy-making processes
- Responding to uncertainty and the unknown
- Strategic risk leadership

Track Chair: *European Academy of Management (EURAM)*, Conferences, 2018-2023

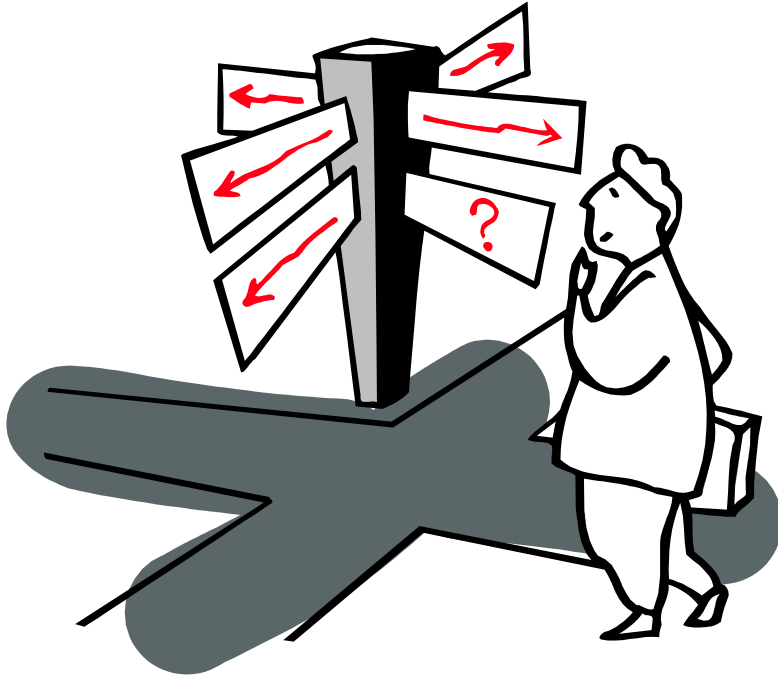
Conference Chair: *Collective Intelligence Conference*, Copenhagen, June 2021

<https://conferenceacmci.wixsite.com/2021/organizers>

Selective publications



What is strategy?

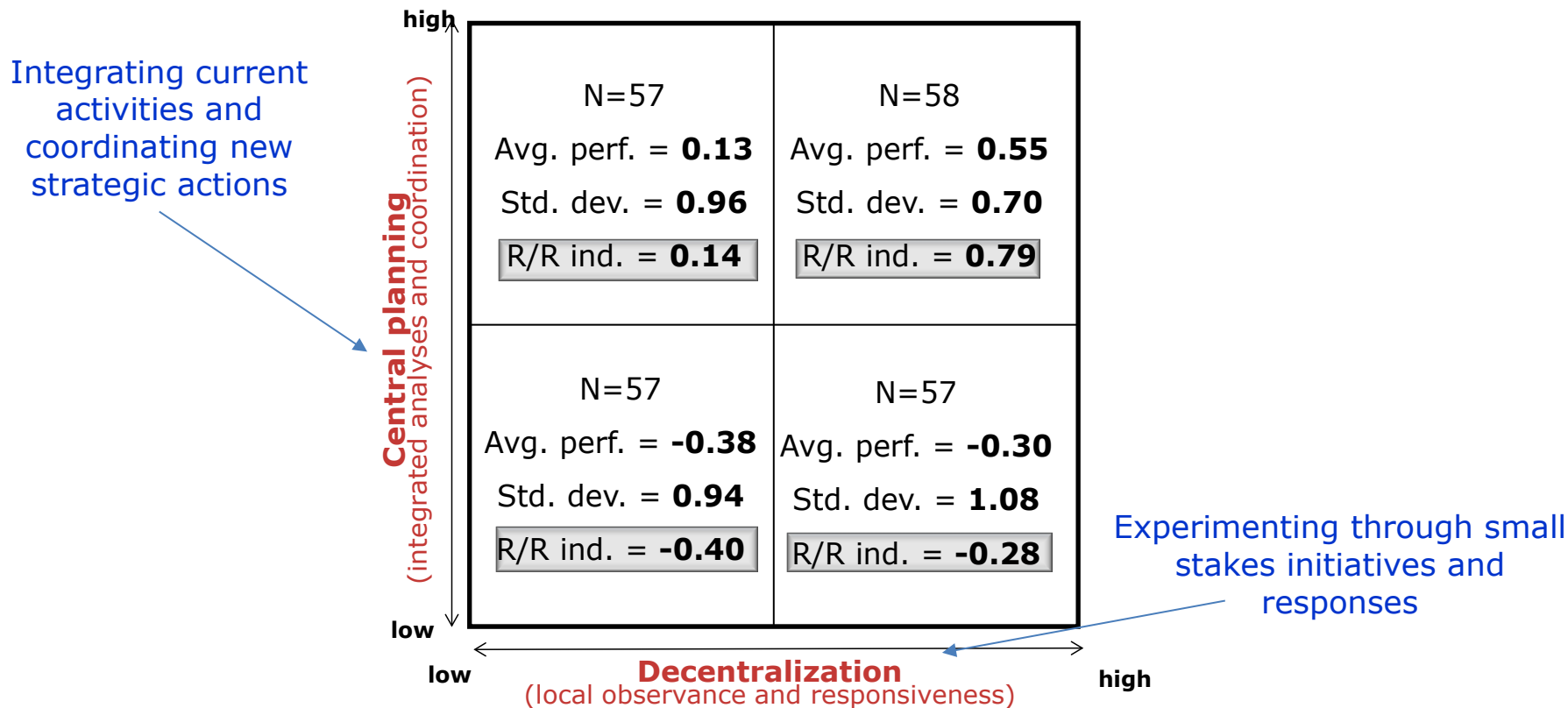


1.
 - A plan of action
 - Guiding policies
 - Long-term goals
2.
 - Decision-making
 - A *pattern* of actions
 - An emerging path

... and, there are many other interpretations!

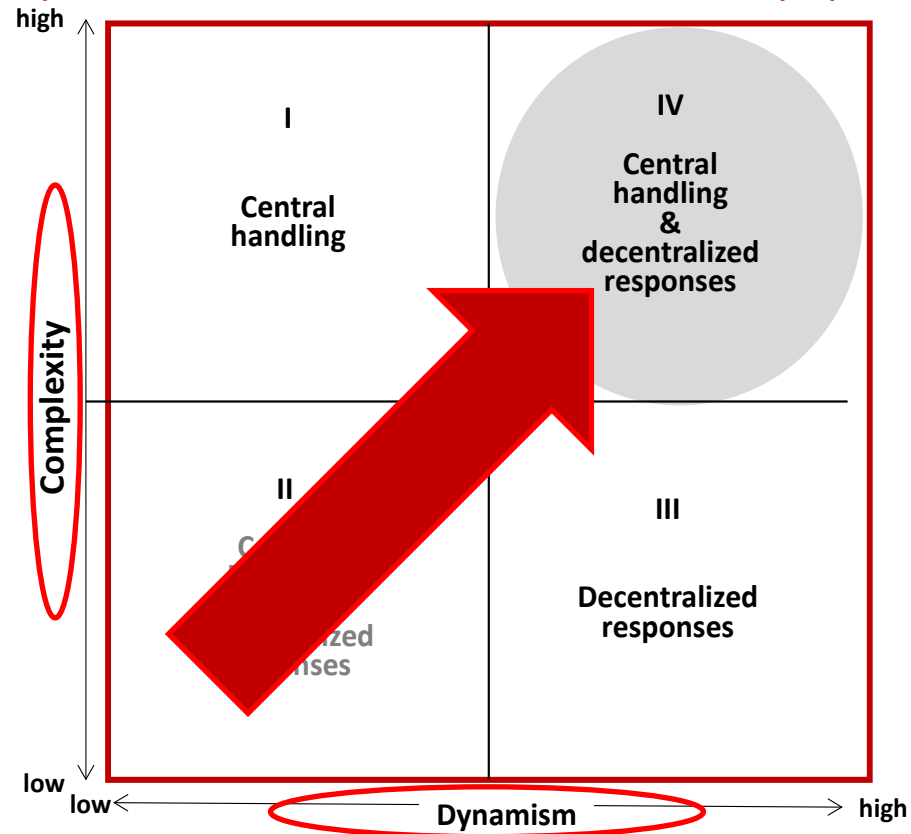
Central and decentral interaction

Keeping it simple (2x2):



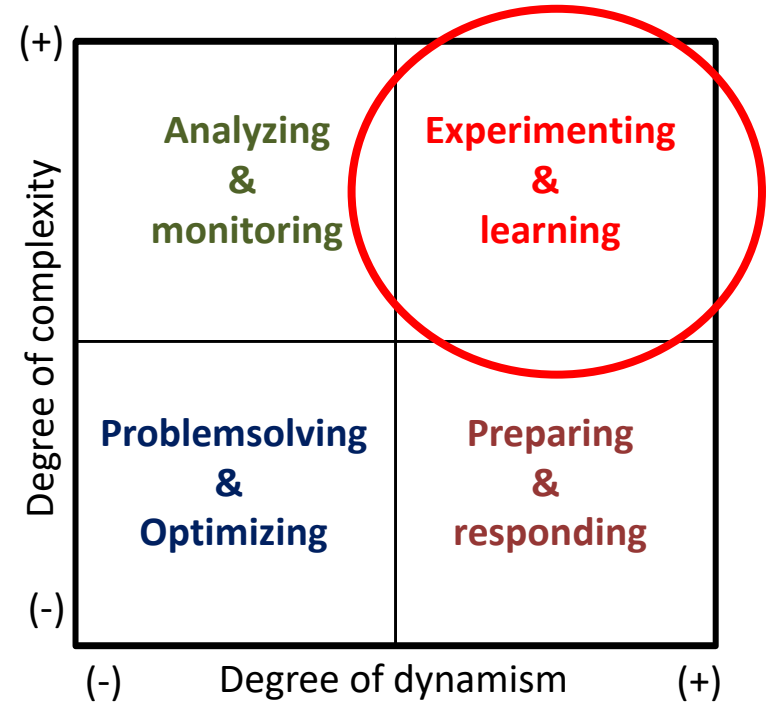
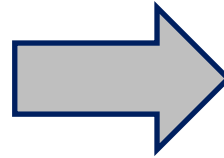
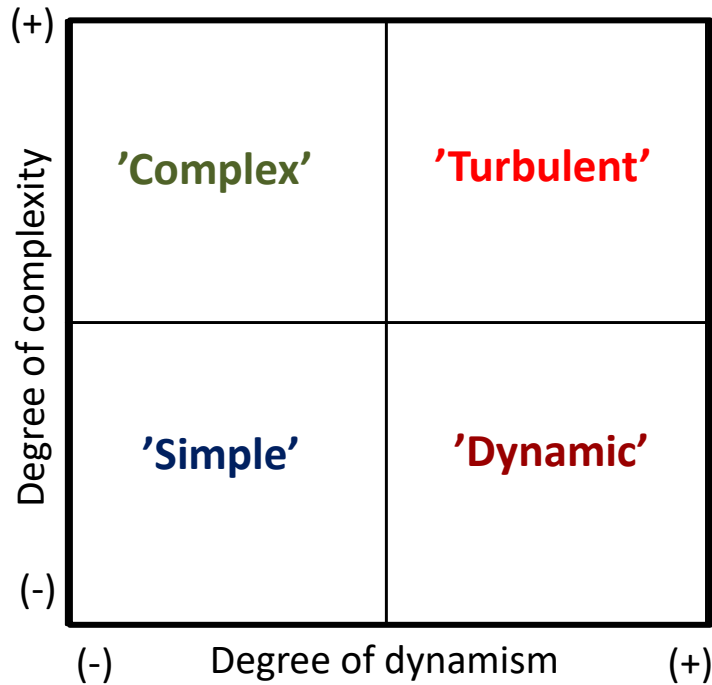
Environmental conditions

Contemporary business environments are characterized by dynamic complexity!



The environmental context

How should we deal with different environmental contexts?



Strategy-making processes

What does it mean?

Central reasoning: A centralized function conducting systematic holistic risk analysis for the organization to guide operating entities and report on corporate exposures to senior management.

Measured by three items: 1) a central risk management function dedicated to manage corporate risks, 2) a central risk management function that guides departments assessing major risks and opportunities, 3) a central risk management function that challenges the risk strategies of top management and the board.

7-point Likert scale (1 = totally disagree; 7 = totally agree).

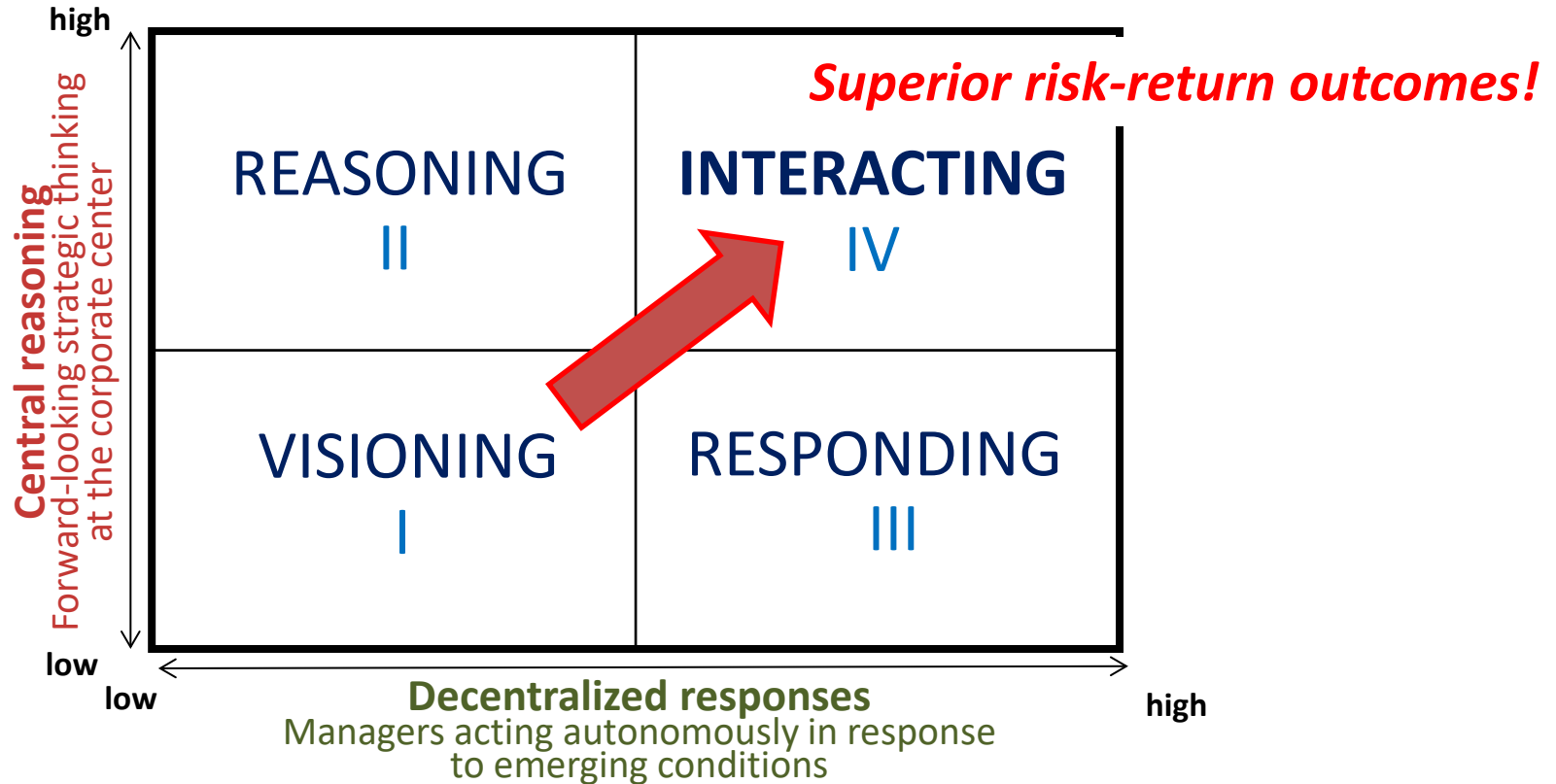
Decentralized responses: A risk control processes carried out by the operating entities that conduct the daily business activities.

Measured by three items: 1) the identification of risks and opportunities is delegated to the business units, their managers and employees, 2) decisions on risk-reducing measures and exploitation of opportunities are delegated to the business units, 3) each business unit is responsible for identifying and assessing risks and opportunities.

7-point Likert scale (1 = totally disagree; 7 = totally agree).

Interacting processes

- central planning and decentralization -



Risk management practice

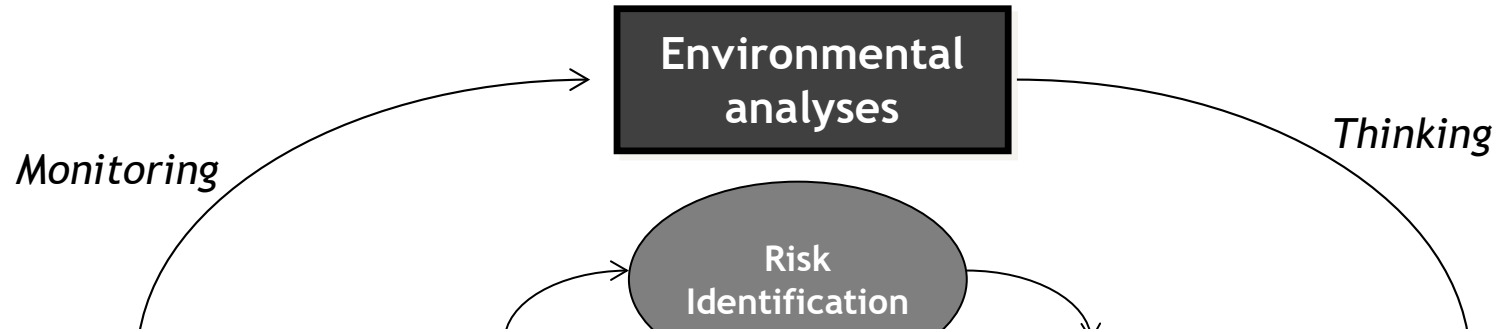
Thinking about what can hit you and what you can do about it?

Identify → Analyze → Evaluate → Respond/Monitor



A dynamic ongoing process repeated regularly over time!

Risk management/Strategic management



Risk management and strategy-making processes can go hand-in-hand!



Risk in strategy

The COSO perspectives:

Risk: *the possibility that events will occur and affect the achievement of strategy and business objectives.*

The underlying philosophy of COSO was that “value is maximized when management sets strategy and objectives to strike an optimal balance between growth and return goals and related risks, and efficiently and effectively deploys resources in pursuit of the entity’s objectives.”

The Role of Risk in Strategy Selection:

Strategy selection is about making choices and accepting trade-offs. So, it makes sense to apply enterprise risk management to strategy as that is the best approach for untangling the art and science of making well-informed choices.

COSO: The Committee of Sponsoring Organizations of the Treadway Commission supported jointly by five US-based professional associations - American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), American Accounting Association (AAA), Institute of Internal Auditors (IIA), and Institute of Management Accountants (IMA).

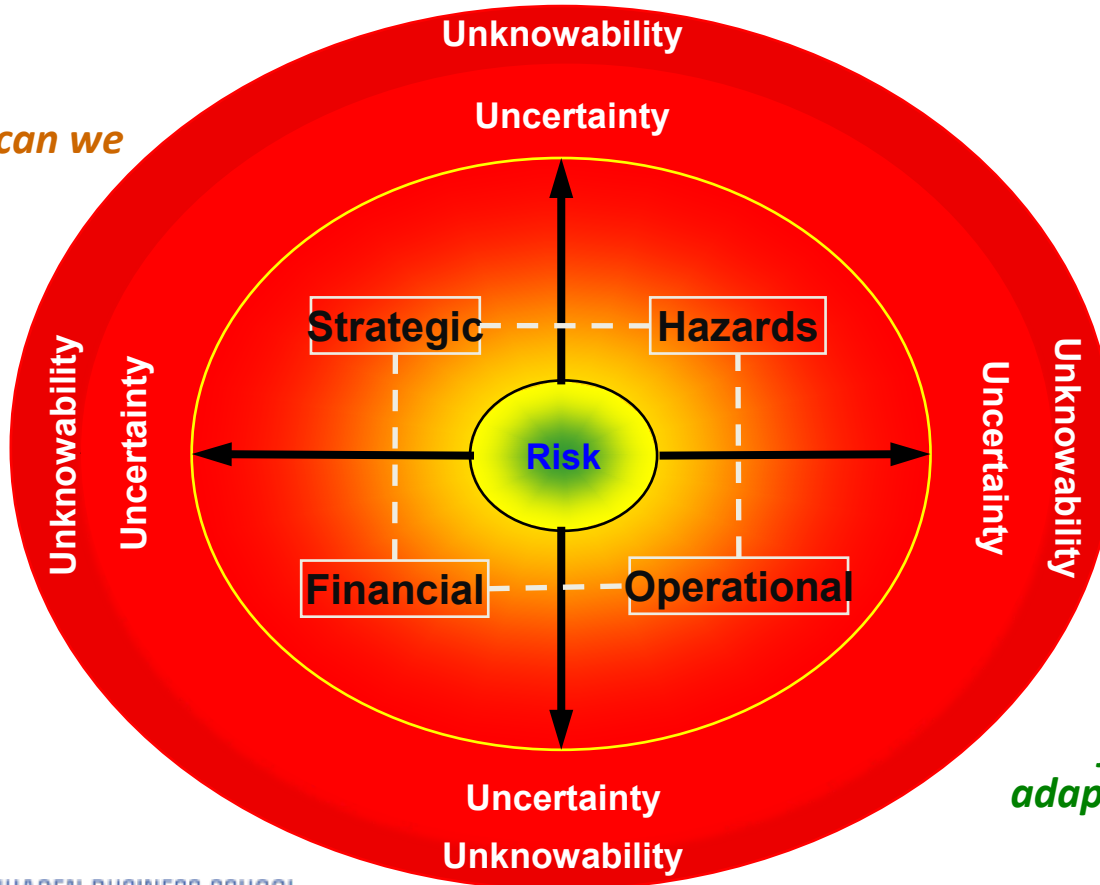
Integrating risk and strategy



“Enterprise Risk Management—Integrating with Strategy and Performance clarifies the importance of enterprise risk management in strategic planning and embedding it throughout an organization - because risk influences and aligns strategy and performance across all departments and functions.”

A changing risk landscape?

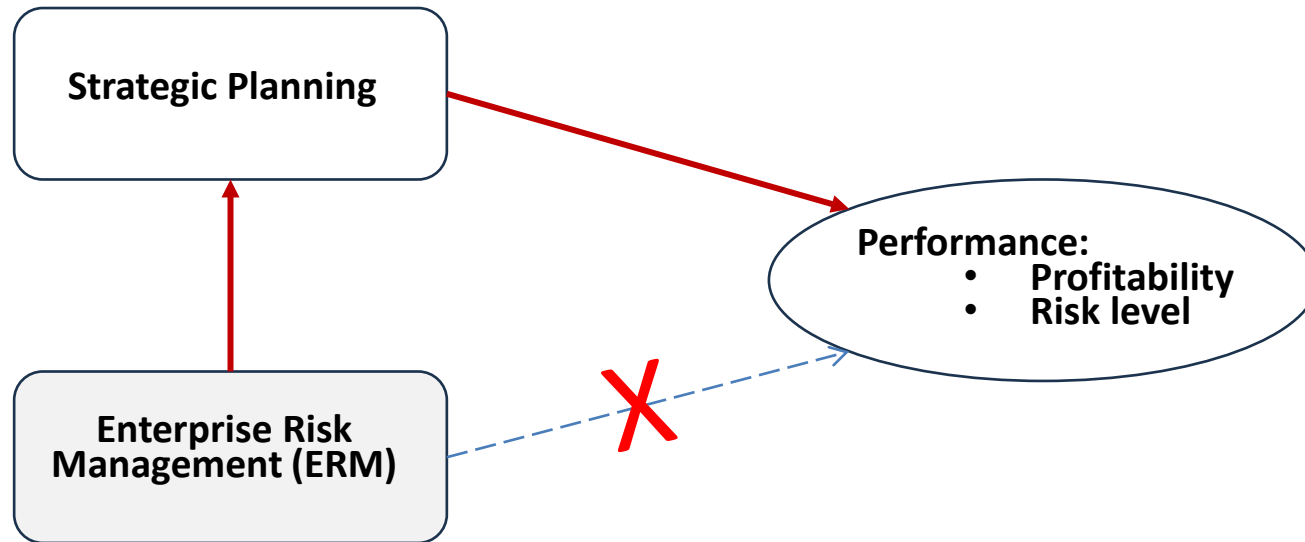
To what extent can we identify risks in advance?



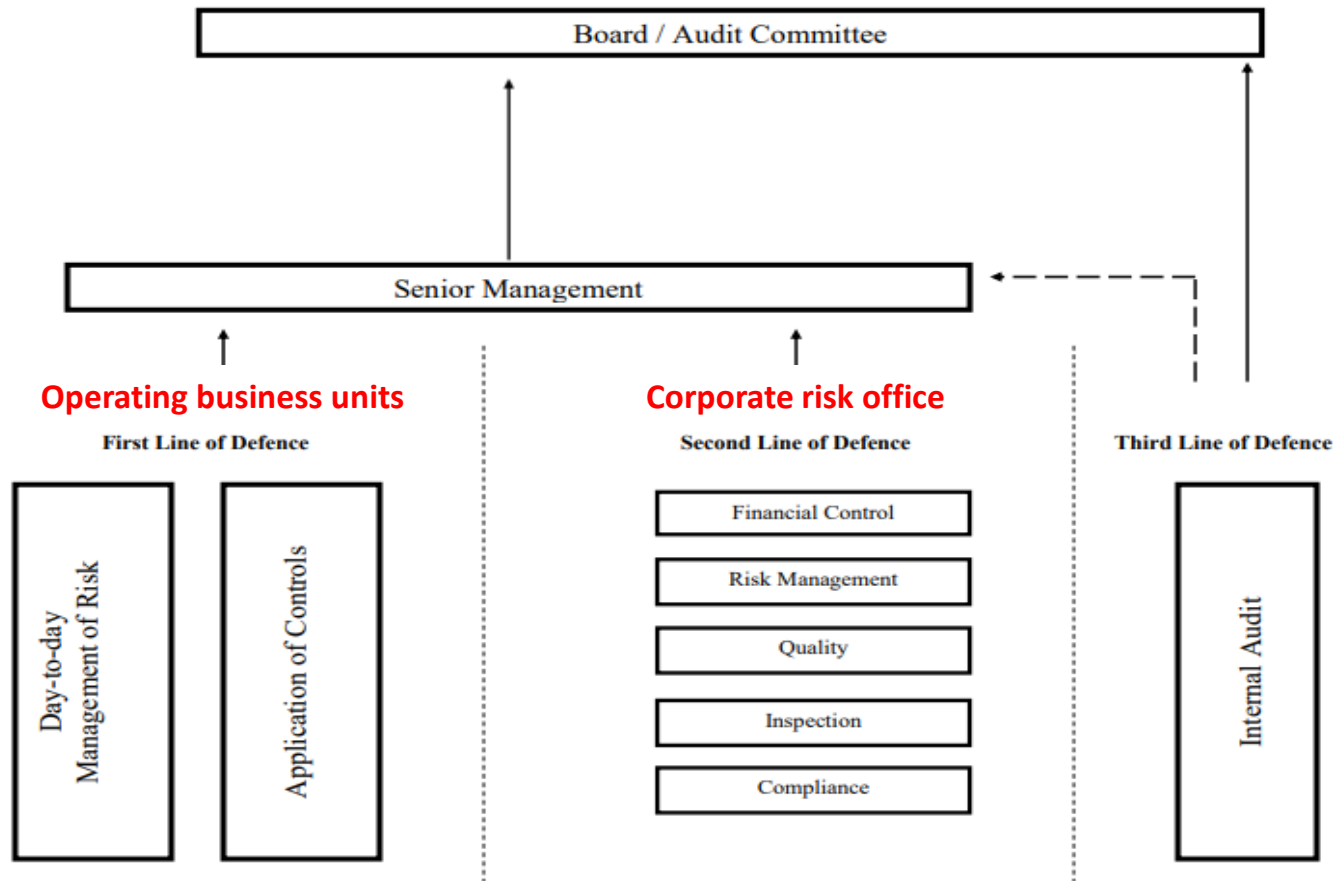
Do strategic objectives stay fixed, or are they adapted as we move?

ERM through strategic planning

Some empirical evidence:



Three lines of defense



Risk governance measures

ERM: Adhering to risk management process described in COSO (2004) and ISO31000 (2009) .

Measured by six items: 1) a policy to handle strategic risks, 2) standard procedures to identify major risks and opportunities, 3) analysis of risks and opportunities to determine how they should be managed, 4) standard procedures to launch risk-reducing activities, 5) preparation of regular risk reports, and 6) standard procedures to monitor major risks and risk-reducing activities.

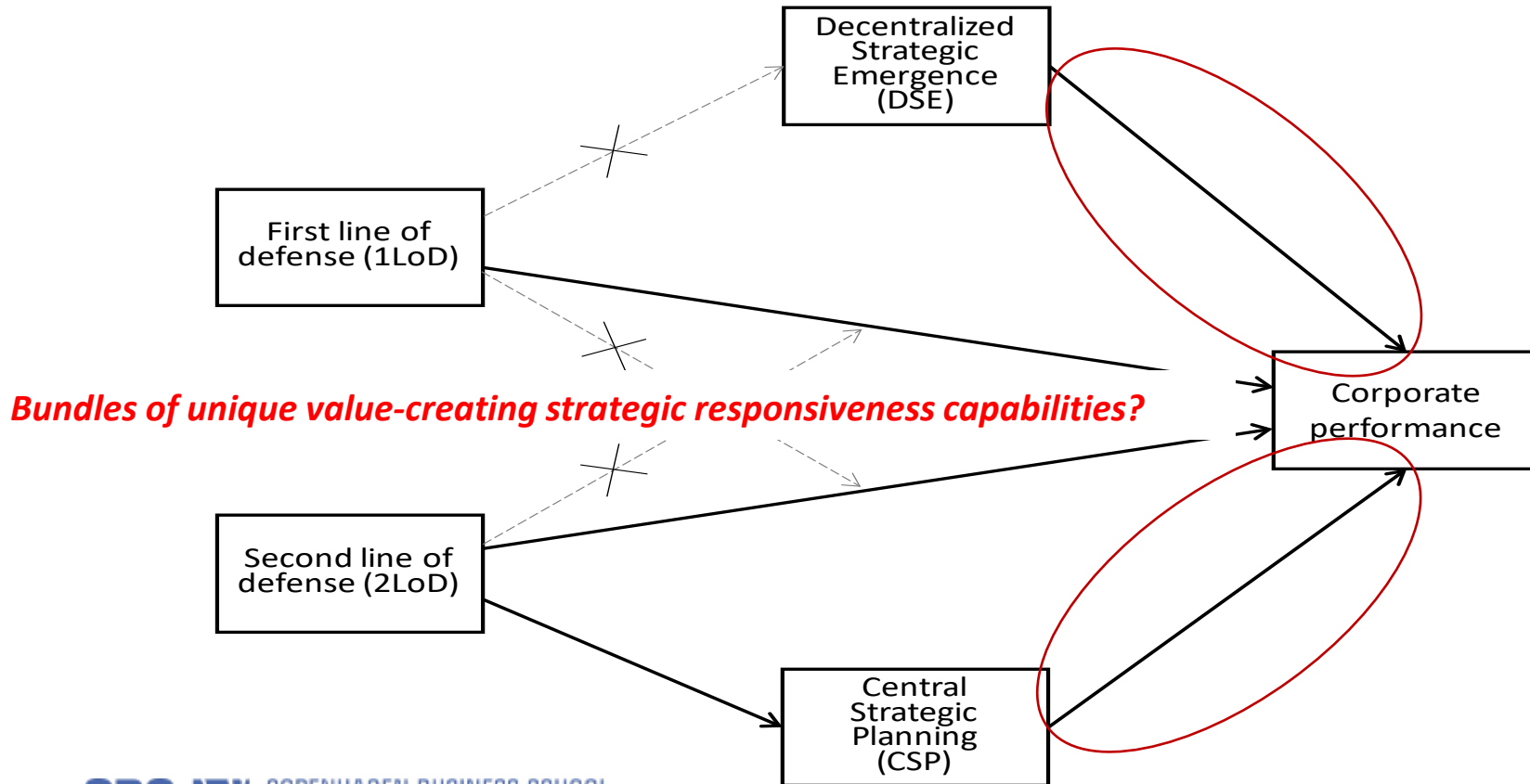
First line of defense: Risk control processes are carried out by the operating entities that conduct the daily business activities.

Measured by three items: 1) the identification of risks and opportunities is delegated to the business units, their managers and employees, 2) decisions on risk-reducing measures and exploitation of opportunities are delegated to the business units, 3) each business unit is responsible for identifying and assessing risks and opportunities.

Second line of defense: A centralized function conducting systematic holistic risk analysis for the organization to guide operating entities and report on corporate exposures to senior management.

Measured by three items: 1) a central risk management function dedicated to manage corporate risks, 2) a central risk management function that guides departments assessing major risks and opportunities, 3) a central risk management function that challenges the risk strategies of top management and the board.

ERM effects interact with strategy-making



Institutionalization and regulation

THE THREE LINES OF DEFENSE

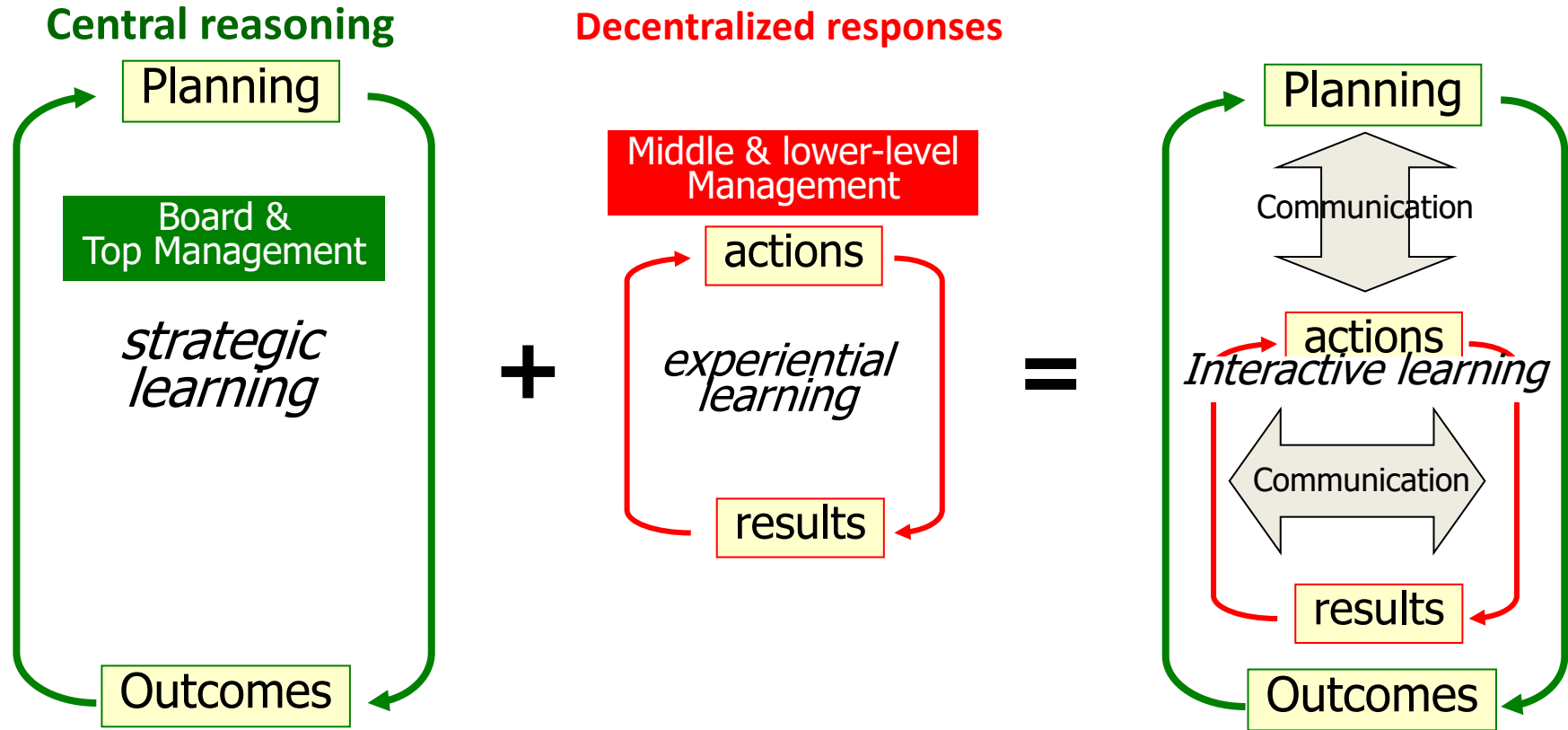
(1) operational risk; (2) risk reporting; (3) process audit

A joint paper issued by ECIIA (European Confederation of Institutes of Internal Auditing) and FERMA (*Federation of European Risk Management Associations*) to guide boards and audit committees – explicitly recommends the use of ERM frameworks.

A response to Article 41.2, the 8th EU Company Law Directive (DIRECTIVE 2006/43/EC – Art. 41-2b), it requires that *“the audit committee shall, inter alia: monitor the effectiveness of the company’s internal control, internal audit where applicable, and risk management systems”*.

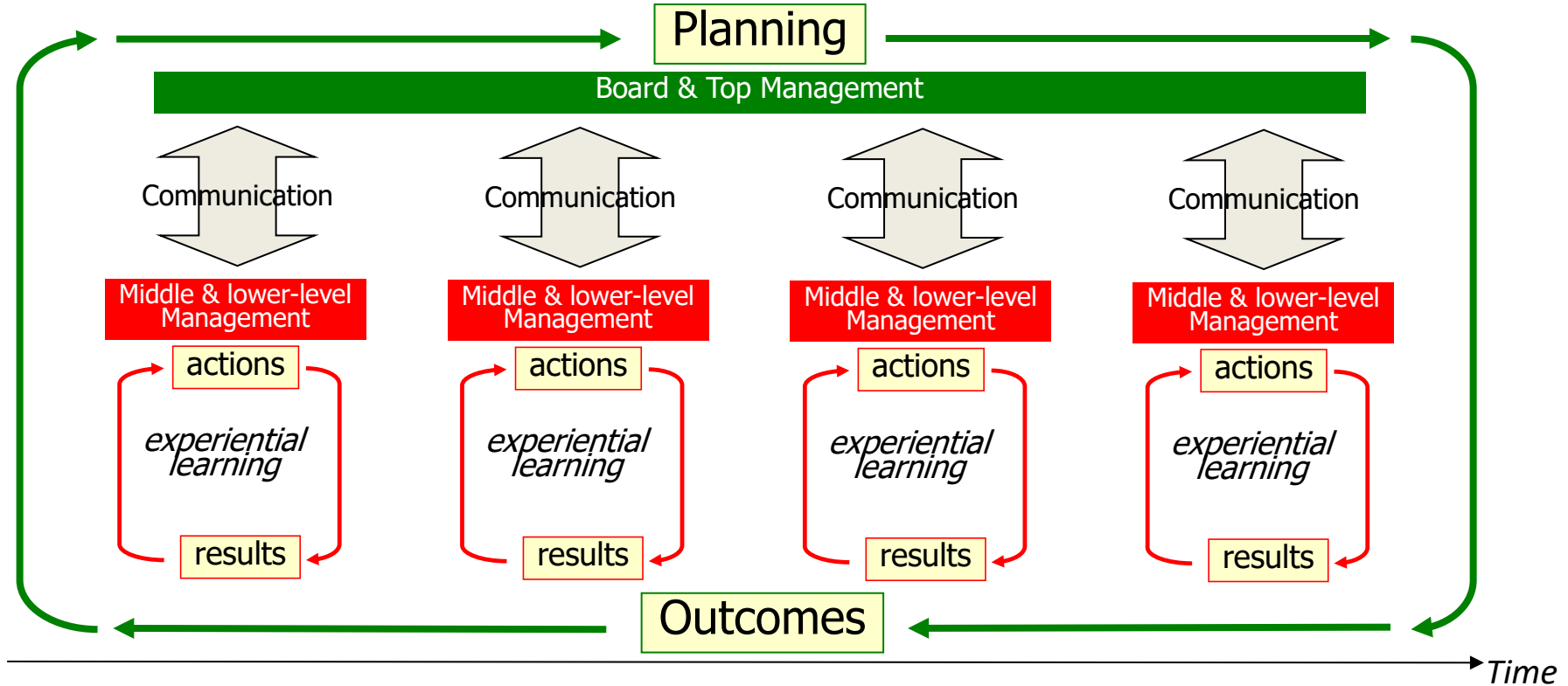
Implies a particular risk management, risk leadership, and risk governance approach!

Complementary processes



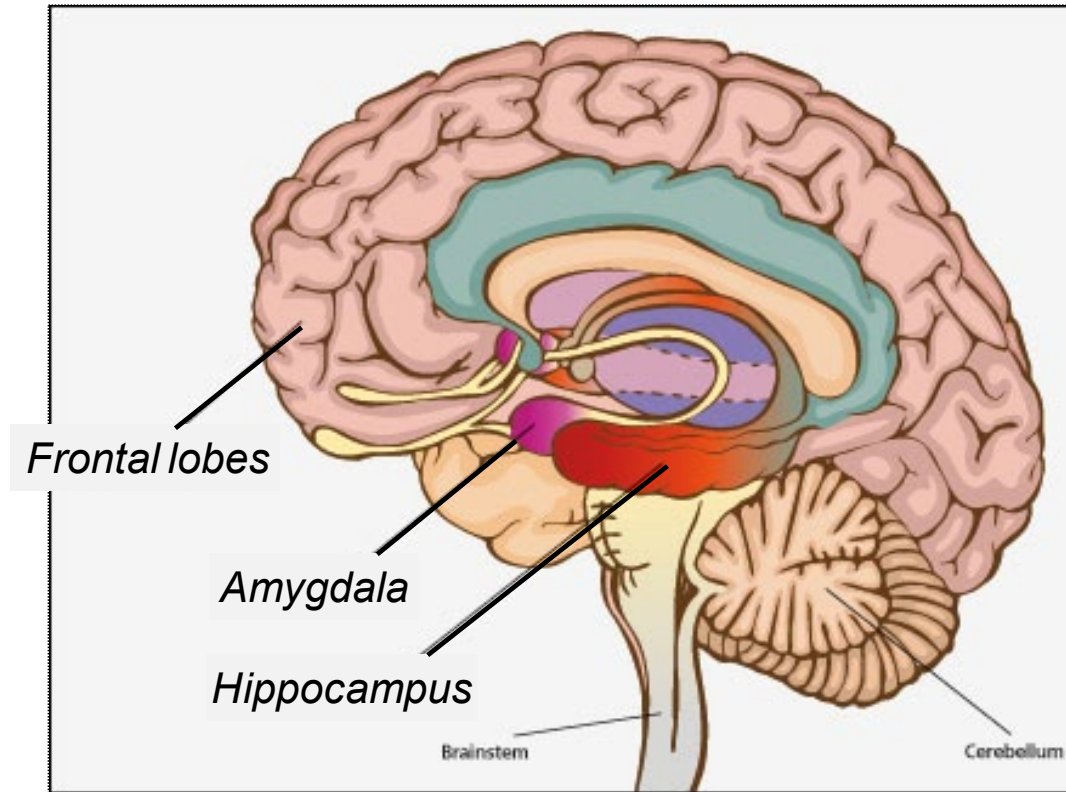
Dynamic updating

Should the risk management function engage in the interactive communication?

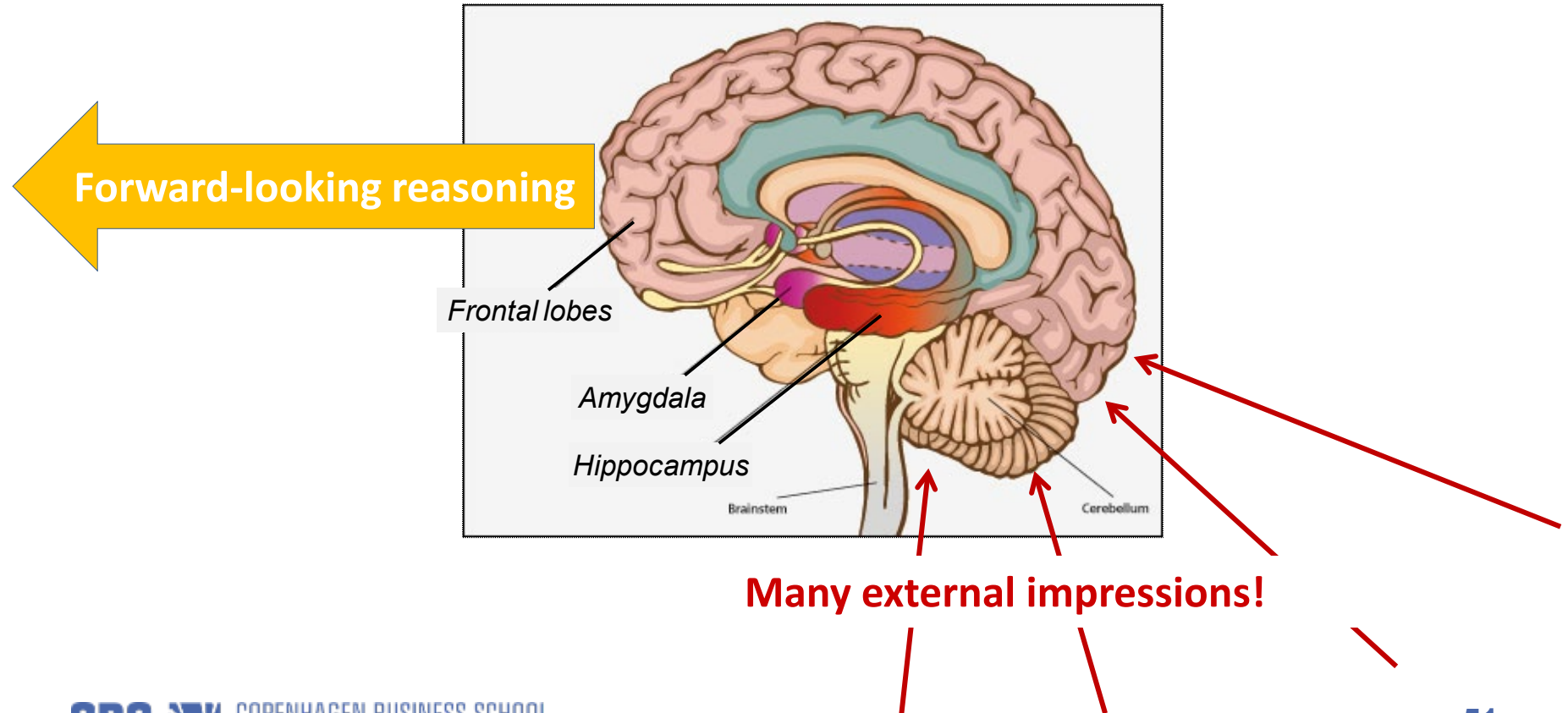


Fast-slow information processing

The rationales of 'modern' cognitive science.



The modern 'brain' metaphor



Frontline employees as informants

Gain diverse knowledge and insights from engaged stakeholders.



Large groups of diverse people are smarter than an elite group of few people ... the crowd is better at solving dynamic complex problems.

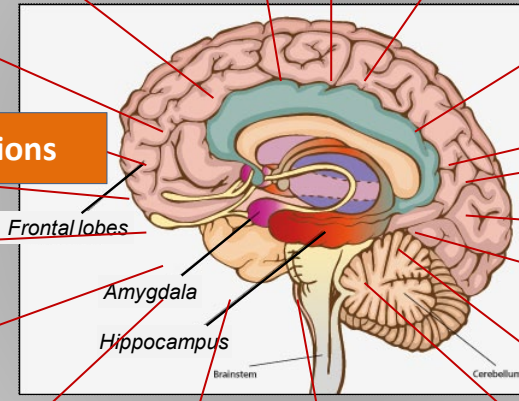
e.g., Hong and Page (2004), Surowiecki (2004)

Fast and slow interaction

An organizational perspective.

Unexpected things happen!

Update outlook/revise strategic actions



responsive actions, reactions observed → new insights!

Combining *fast* responses and observations with *slow* forward-looking reasoning!

Dispersed global informants

A multinational enterprise (MNE) perspective.

Concerns:

- *manipulated data*
- *herd-effects*
- *beliefs*

Considerations:

- *emotions*
- *social effects*
- *cognitive biases*

North America

Europe

Japan

OWN EMPLOYEES AND STAKEHOLDERS ARE KNOWLEAGBLE INFORMANTS

Collect data from regional positions in a global structure around networks of employees and organizational stakeholders

South America

South Asia

Effective risk management

What characterizes a responsive organization?

- ✓ *Top management listens to insights from the frontline?*
- ✓ *Applies analytical processes to assess ongoing developments?*
- ✓ *Creates a flexible operating structure with agile value chain?*
- ✓ *Combines central intent with decentralized responses?*
- ✓ *Uses real options reasoning to exploit opportunities?*
- ✓ *Fosters a culture of open debate and collaboration?*

Grand challenges

Uncertainty and the unknown is becoming prevalent

- Increasingly complex structures and systems with more frequent and rapid changes
- More abrupt and extreme events, e.g., financial crisis, pandemic, military conflict, climate change
- Effects are beyond individual firms and affect society at large, i.e., transnational impacts

Private and public institutions are slow to respond to these grand challenges

- **Business leaders must satisfy current demands for economic efficiency and performance ... it is hard to accept short-term losses for long-term gains**
- **Politicians must prevail to secure the next re-election ... it is hard to promote long-term goals if they do not have positive short-term effects**

The underlying challenges are systemic in nature and require collaborative solutions!

Comments and questions?



ERM
2024
26 september

Day

LUNCH

12.30 – 13:45

ERM

2024

26 september

Day

AGENDA FOR THE DAY





ERM 2024

26 september

Day

Our way of leveraging GRC-capabilities into ESG

Cigdem Günes
Head of Corporate Governance
H&M Group



OUR WAY OF LEVERAGING GRC CAPABILITIES INTO ESG

CIGDEM GÜNES,
HEAD OF CORPROATE GOVERNANCE



Agenda

- Introduction to H&M brand
- How we work with governance, risk and compliance
- GRC and new laws





78

MARKETS
AND 60 ONLINE MARKETS



236

BILLION SEK
IN NET SALES



64%

OF LEADERSHIP
POSITIONS WITHIN OUR
OPERATIONS
ARE HELD BY WOMEN



COS **WEEKDAY** **CHEAP MONDAY** **MONKI** **ARKET** & other Stories



HOW WE WORK WITH
GOVERNANCE,
RISK AND COMPLIANCE

Corporate Governance

Services

Governance, Risk & Compliance (GRC)

Ensuring being a well-managed company with a solid governance structure.

- Policy, Risk and Internal Control
- Business Continuity readiness

Stock market compliance

Ensure a well-managed company through awareness, training and compliance.

Data protection officer

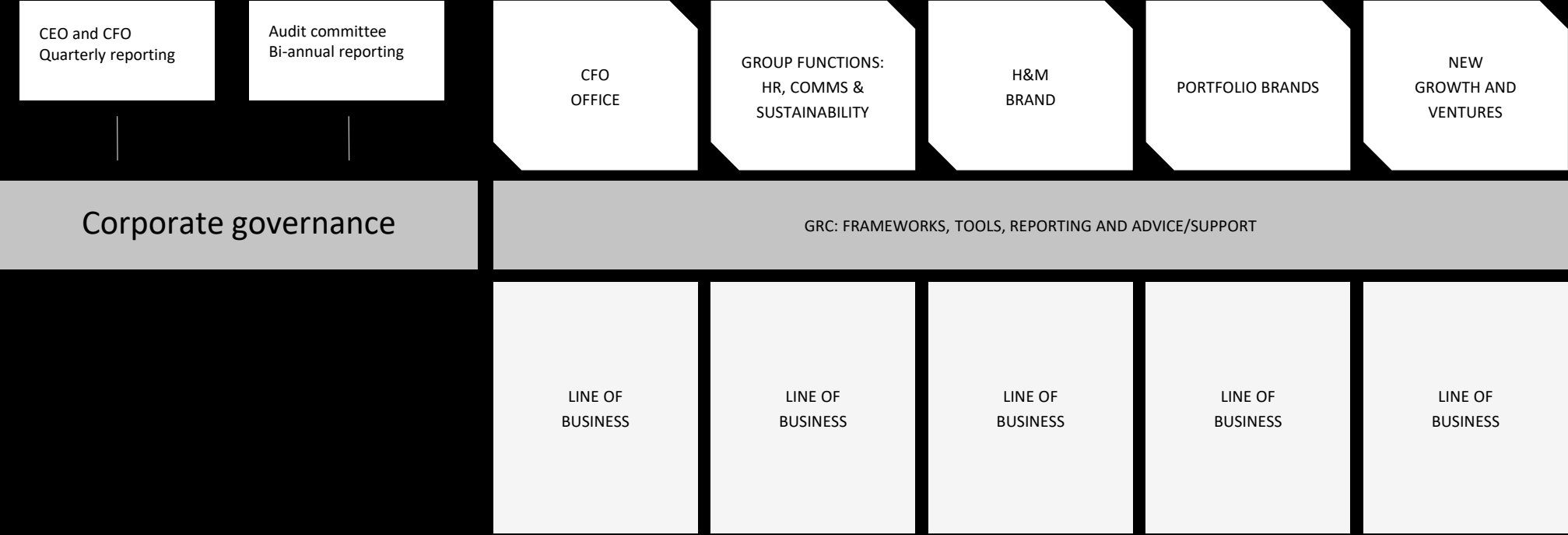
Monitoring and guidance on data protection law compliance.

Enablers

- *Governance Network*
- *GRC tool*
- *Forums*



How we work with GRC



The Governance Network

A collaborative network approach for Governance in regions, brands and functions.

The network consist of Governance SPOCs from functions and brands in order to share and get experience and knowledge on how we work with Governance topics within H&M Group.



GRC AND NEW LAWS

Where we started

- Over 100 ESG legislations were identified at a first stage
- Cross functional impact across global organization
- Many unknowns
- To create comparability we work impact assessments



Proactivity is key!

- Act early on new legislation
- Collaboration with other teams;
Legal & Public Affairs
- Ensure internal ownership
and clear accountability/
responsibility
- Ensure good support from the organization during
the whole process
- Integrate GRC capabilities early



Success Factors & Learnings

- Collaboration
- Integrated WoW
- Know your audience
- Share info on a need to know basis
- Use existing network and inform management
- Set up a good structure
- Keep it simple!

PLAN

DESIGN

IMPLEMENT

FOLLOW UP

ONGOING RISK AND IMPACT ASSESSMENT OF LAWS



THANK YOU!

ERM

2024

26 september

Day

Interactive workshop: Strategic resilience



Risk & Resilience

How to deliver value through
disruptions?

CLC 2024

With you today is...



Anders Morand



Viktor Fanel

Today, we would like to cover:

1 What has happened in the last few years?

2 Resilience vs BCM

3 The uncertainty of events

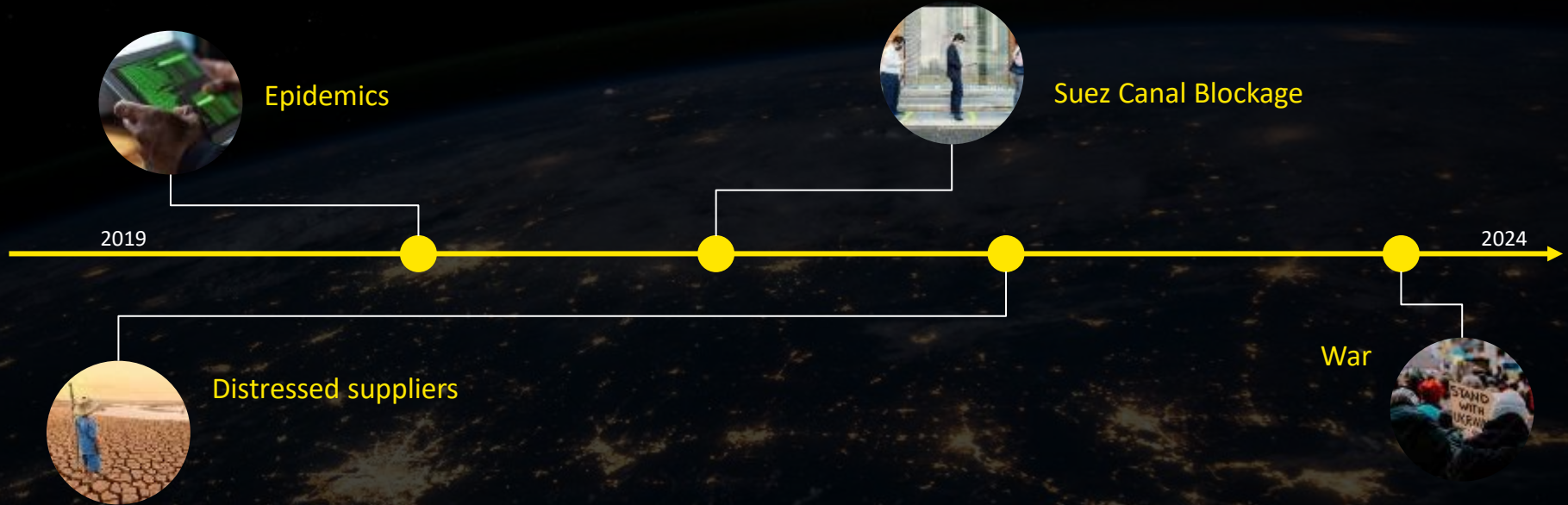
4 Planning is everything

5 The priorities within resilience

6 The importance of training and exercising

7 Tabletop exercise & Wrap-up

An increasing number of unexpected sudden disruptions are hitting businesses, impacting their overall performance



Modern Business Resilience goes beyond traditional business continuity

From business continuity focus ...



... to Business Resilience focus

Asset and services oriented

Aim is to ensure continuity and returning to normal conditions following a disruption. Focused on mapping business services, processes and IT assets.

Predictable

Common predictable downside risk events that require business continuity planning (e.g. service unavailability caused by IT outage or building unavailability due to fire).

Reaction

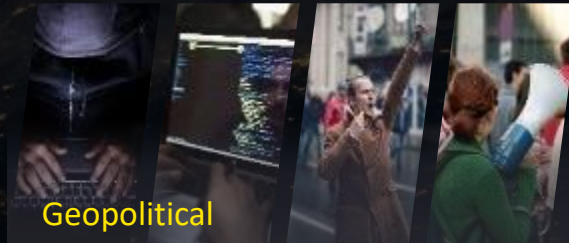
Assumes that risks can be assessed, quantified and prioritized. Companies focus on capabilities to identify and restore from known events – even if with low probability – for which business continuity plans are designed.

Restore

Plans and restoration processes focused on RTO (Recovery Time Objective) and RPO (Recovery Point Objective) parameters for services and IT systems, related to a short-medium term disruption event.



Environmental



Geopolitical



Technology and infrastructure

Business oriented

Aim is to survive and flourish in the face of turbulent change which may require adaptation rather than continuity.

Unpredictable

Unpredictable upside, outside and downside risk events which requires capabilities to anticipate unexpected emerging threats, opportunities and trends through “intelligent Horizon scanning.”

Agile improvisation

Disruptions will occur, and it could also last for a long period. Companies need to have the capability to improvise and innovate against a backdrop of strategic change and the changing external environment.

Adapt

Anticipates and adapts to large-impact events with incomputable probabilities and a surprise effect (black swans). These are innovative, dynamic organizations that survive and prosper under any circumstances.

Black swan risks are becoming the new normal and leads to significant operational impacts

Black swan events



Geopolitical risks



Cyber attacks
Physical attacks



Supply chain breaches and
operational incidents



Pandemics



Natural disasters and
climate change

Impact on business operations

- Increased threat on business operations
- Urgent requests to pull out of markets and abandon assets, suppliers, partners etc.
- Changes in market dynamics, demand/supply, prices, costs, etc.

- IT out period of time leading to “black screens”
- Productions stop suppliers and partners
- Loss or damage on assets and threat to personal
- Online business out

- Production stop
- Failure to meet market demands
- Empty shelves

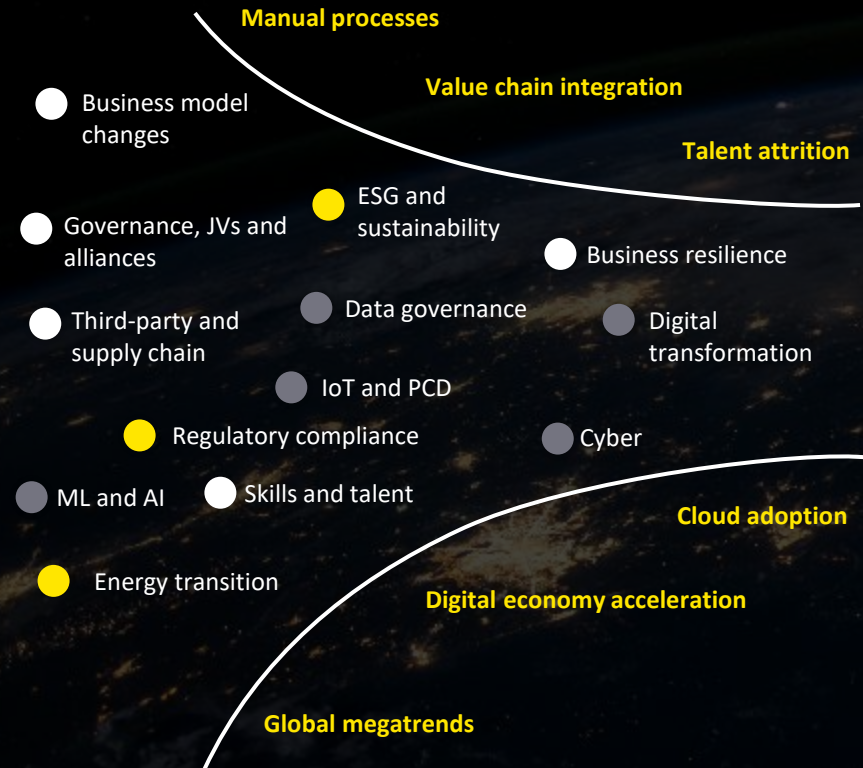
- Changes in market dynamics, demand/supply, prices, costs, etc.
- Work force outage
- Operational disruption
- Supply chain disruption

- Loss or damage on assets (Store, production facilities, logistics capabilities)
- Threat to personal
- Supply chain disruption

The risk function becomes of greater and greater importance

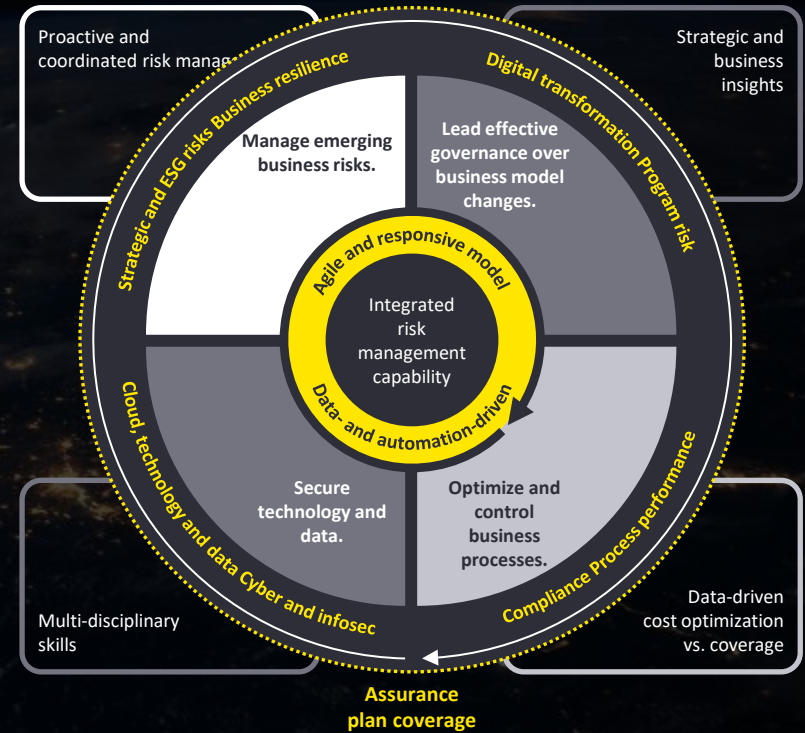
The evolving business landscape is driving the need to transform risk and compliance capabilities.

Accelerating business challenges landscape



Driving risk transformation

Increasing risk management capability requirements



The overall purpose of resilience comes down to some simple but important priorities



**RISK SENSING & SCENARIO
PLANNING**



PREPARE AND PLAN



IMPROVE RESILIENCE



**RESPOND, RECOVER &
TRANSFORM**



Risk sensing & scenario planning



RISK SENSING & SCENARIO PLANNING

Key insights



Establish a forward-looking risk management



Scan the horizon for disruptive risk and emerging threats



Build actionable insights and tailored scenarios specific to your organization

Prepare and plan



PREPARE AND PLAN

Key insights



Build comprehensive and effective capabilities across the organization



Prepare the business to be able to manage crises for a wide range of potential scenarios



Ensure that the organization can maintain critical operations with minimal disruption and safeguard key assets and stakeholder interests.

Improve resilience



IMPROVE RESILIENCE

Key insights



Strengthen the organization's capacity to withstand, adapt to, and recover from adverse events



Enhance the robustness of systems and processes, cultivating a resilient culture, and investing in resources that support resilience.

Respond, recover & transform



RESPOND, RECOVER & TRANSFORM

Key insights



Develop and implement effective response mechanisms to manage and mitigate the impact of crises as they occur.



Be able to swiftly and thoroughly respond to, recover and transform business operations during/after an incident

ERM
2024 Day
26 september

COFFEE BREAK

15:30 – 16:00

ERM

2024

26 september

Day

Interactive workshop: Strategic resilience



Tabletop Simulation



YOU'VE BEEN **HACKED!**

Malware has been implemented to your system. If you won't play with us, we will spread the malware to other systems. Maybe you are busy looking for a way to protect your systems, but do not waste your time. Nobody can protect them without our help.

Only we can protect your system!

We guarantee that all your systems will stay safe. You only need to pay. You have 48 hours to submit the payment, after that your systems will be infected.

How do you pay?

Payment is accepted in Bitcoin only. Check the current price and buy it.
Then, send the correct amount to the address specified below.

Send \$1,000,000 in Bitcoin to this address:

16z8GVhszrjo7H37jdk6sKEzHaiPls837hJSK8903

XtraEnergy Company

A global public energy company with operations in North and South America and Europe, with total global 50k employees. The US subsidiary is SEC listed.
The attack has impacted operations in the Brazil plant.



Your role **Board member**

- Brainstorm ideas on your first response to Executive Management, the Communications Plan, and to pay or not the Ransomware
- Vote on proposed actions
- Contribute to best practice ideas for the future

[Video Reels]

1

**What further
information do we
need?**

2

**Who do we need
to consult with?**

3

**What are our
next steps?**

Go to menti.com
Code: [Update]

The importance of Business Resilience Training & Exercising

Overview and Approach

Resilience Testing is a set of activities and capabilities an organization performs or leverages to conduct and report on various simulations and exercises aimed at verifying that resilience procedures support the organization's continuity objectives. Exercises and tests should be used to validate one or more aspects of the entity's continuity plans in the various areas including cyber, data, application, infrastructure and associated Third Parties.

Why do firms test?

Testing objectives are to...

- ▶ **Confirm design and effectiveness** of existing plans, capabilities, playbooks and processes to respond effectively to different types of disruptions
- ▶ **Check alignment of various** contingency protocols and capabilities across various programs for cohesive and coordinated response
- ▶ **Identify shortcomings, including significant risks and issues**, in existing frameworks, capabilities and processes to proactively remediate in advance of an actual disruption
- ▶ **Train key stakeholders** on their roles and responsibilities to execute key strategies and actions, including process hand-offs, for timely response
- ▶ **Validate completeness, relevance and ease of use of various artifacts** e.g., plans, procedures and playbooks and remediate identified gaps

Typical Approaches

...To demonstrate business resilience and validate effectiveness of underlying capabilities

- ▶ **Risk monitoring and assessment activities** (e.g., RCSAs, BIAs, self-assessments, independent assessments) to identify areas of vulnerabilities, concentration risks (including single points of failure), and significant risks and issues
- ▶ **Review and testing of process and controls** for ongoing sustainability of business processes and capabilities
- ▶ **Executing simulations** to test effectiveness of plans, capabilities and playbooks including:
 - ▶ **Tabletops or walkthroughs** or actual **physical exercises**
 - ▶ Various **scenarios** from a localized incident to a major event with a greater impact
 - ▶ Different **test coverage** from an end-to-end business service exercise encompassing the operational and technological capabilities to only a portion of the service or a portion of the underlying technology in scope

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

2024 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com



ERM

2024

26 september

Day

Summary of a great day and closing



VOLVO

Thank you!





ERM

2024

26 september

Day

Electric cars with a backup plan



V O L V O

More about Volvo Cars

volvocars.com



[Investors](#)
[Volvo Car Group](#)

