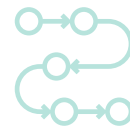


SUSTAINABILITY RISK MANAGEMENT PROCESS



Sustainability risk management is a business process supporting the company's sustainability goals. It aims at aligning sustainability with risk management by using the principles of enterprise-wide risk management.

– **FERMA Sustainability Committee**

There is no one size fits all solution for sustainability risk management. But based on our exchange of views, there are some key themes that emerge, which we will explore in this section.

We propose a template to consider these issues based on the common risk management process:

- Preliminary settings
- Risk identification and prioritisation
- Risk assessment and treatment
- Risk reporting, communication and disclosure

Those that are well underway in their 'sustainability journey' take an enterprise-wide approach to ESG risks and link them to overall strategic objectives. This is done by focussing on material ESG issues that could threaten the strategic goals of the organisation (as well as offer opportunities).

At the other end of the scale, some organisations may be starting to consider how to integrate sustainability risks into their overall approach, or may consider starting with a different approach to sustainability before integrating it at a later date.

“Do not re-invent the wheel! Sustainability risk management should use the same methodology as for other risks.”

– **Risk manager, Italy**



Illustration of the sustainability risk management process

