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COSO, World Business Council for Sustainable Development To Issue First-Ever Guidance for Applying Enterprise Risk Management (ERM) To Environmental, Social, Governance-related Risks

LAKE MARY, Fla. (Jan. 23, 2018) – The Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the World Business Council for Sustainable Development (WBCSD) today released a draft executive summary to the new, cutting-edge guidance for applying Enterprise Risk Management (ERM) to Environmental, Social and Governance-related risks.

COSO and WBCSD, the first such partnership of its kind, are jointly developing “Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks” to help organizations worldwide respond to the increasing prevalence and severity of ESG-related risks, ranging from extreme weather events to product safety recalls.

A draft of the executive summary was released at the World Economic Forum in Davos, Switzerland. A draft of the full application guidance to COSO’s *Enterprise Risk Management – Integrating with Strategy and Performance*, will be released Feb. 6 at GreenBiz 2018. COSO and WBCSD will be seeking public comment on the draft.

The guidance is intended to support organizations in accelerating integration of ESG-related risks and opportunities and help them gain a better understanding of their full risk profiles. It also will highlight methods to overcome ESG-related risk challenges, including identifying and assessing the severity of such risks with uncertain financial consequences, and developing innovative responses for ESG-related risks and opportunities.

"ESG-related risks are business risks, so it's only logical that these risks be integrated into strategy and ERM," COSO Chairman Robert B. Hirth Jr. said. "Enhancing an organization's enterprise risk management framework is an effective way to reduce potential ESG risks and capture opportunities arising from related issues."

WBCSD President and CEO Peter Bakker added, "Business is moving into an era of significant change in corporate governance. Integrating the environmental, social and governance factors into a company's risk assessment will soon be the norm. New tools are needed for managing this new view of risks to the long-term financial and societal profile of business. Using these tools will mean better decisions that will make more sustainable companies become more successful."

The draft executive summary is available online at www.coso.org. Details of the public comment period will be released in the coming weeks.

COSO released an update to the ERM Framework, [Enterprise Risk Management — Integrating with Strategy and Performance](#), in 2017. It is one of the most widely recognized and applied risk management frameworks in the world and is designed to help organizations create, preserve, sustain, and realize value while improving their approach to managing risk.

About COSO

Originally formed in 1985, COSO is a voluntary private sector organization dedicated to improving organizational performance and governance through effective internal control, enterprise risk

management and fraud deterrence. COSO is jointly sponsored by the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), the Institute of Management Accountants (IMA), and the Institute of Internal Auditors (IIA). For more information, visit www.COSO.org.

About WBSCD

The World Business Council for Sustainable Development (WBCSD) is a global, CEO-led organization of more than 200 leading businesses working together to accelerate the transition to a sustainable world. WBCSD helps make its member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies. WBCSD member companies come from all business sectors and all major economies, representing combined revenue of more than \$8.5 trillion and 19 million employees.

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