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## **COSO Issues Important Update to ERM Framework** *First revision since 2004 addresses evolution of enterprise risk management*

LAKE MARY, Fla. (Sept. 6, 2017) – The Committee of Sponsoring Organizations of the Treadway Commission ([COSO](#)) today released its highly anticipated ERM Framework: *Enterprise Risk Management–Integrating with Strategy and Performance*. This new document builds on its predecessor, *Enterprise Risk Management–Integrated Framework*, one of the most widely recognized and applied risk management frameworks in the world. The updated edition is designed to help organizations create, preserve, and realize value while improving their approach to managing risk.

The update, developed by PwC under the direction of the COSO Board, highlights the importance of enterprise risk management in strategic planning. It also emphasizes embedding ERM throughout an organization, as risk influences strategy and performance throughout the organization.

“The complexity of risk has changed, new risks have emerged, and both boards and executives have enhanced their awareness and oversight of enterprise risk management while asking for improved risk reporting,” said Robert B. Hirth Jr., COSO Chair. “Our overall goal is to continue to encourage a risk-conscious culture.”

The first part of the updated Framework offers a perspective on current and evolving concepts and applications of enterprise risk management to meet the demands of an evolving business environment. The Framework itself is organized into five easy-to-understand components that accommodate different viewpoints and operating structures to enhance strategies and decision-making.

The update focuses on challenges and evolving expectations of enterprise risk management that business leaders and boards are dealing with in today’s landscape, including shifts in economic markets, evolving technologies, and changing demographics in supporting decision-making.

“PwC has had a long-standing relationship with COSO. Together, we’ve seen enterprise risk management redefine its importance to an organization,” said Miles Everson, PwC’s Global Advisory Leader and Engagement Leader. “The Framework addresses the evolution of ERM, the benefits that can be achieved, and the need for organizations to improve their approach to managing risk.”

“ERM is as much about understanding the implications from the strategy and the possibility of strategy not aligning as it is about managing risks to the implementation of the strategy and business objectives,” said Dennis Chesley, PwC’s Global Risk and Regulatory Consulting leader and Project Partner for the COSO ERM effort. “This update answers the call for a stronger emphasis on how enterprise risk management integrates from strategy through implementation and performance.”

Concluded Hirth, "There is no doubt that organizations will continue to face a future full of volatility, complexity, and ambiguity. Enterprise risk management will be an important part of how an organization manages and prospers through these times."

The document is available in printed form, e-book, on-line subscription and pdf licensing for large organizations, accounting and consulting firms. COSO also offers software application licenses and a training license fee arrangement. Additionally, COSO is planning for the Framework to be translated into several languages, including Chinese, Japanese, Spanish, and French among others.

For additional information, please visit [www.coso.org](http://www.coso.org).

#### **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](http://www.COSO.org).

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