Risk assessment is a continuous process by which risks (potential occurrences that could negatively impact an organization’s key goals) are identified, prioritized and addressed. There is no one-size-fits-all or widely adopted standard for risk assessment.

**WHAT IS A RISK ASSESSMENT?**

**WHY CONDUCT A RISK ASSESSMENT?**

- Determine focus of policies and procedures, code of conduct, training and communications
- Follow standards that say ethics programs should be based on company’s risk profile
- Identify gaps in your ethics and compliance program to prepare for risks

**OTHER RESOURCES**

Committee of Sponsoring Organizations of the Treadway Commission (COSO): www.coso.org

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**ELEMENTS OF AN EFFECTIVE ETHICS PROGRAM**

**RISK ASSESSMENT**

**Identify Risks**

With a cross-functional leadership team, brainstorm issues that could result in legal, reputational or financial impacts to your business. Ask, “what keeps you up at night?”

**Prioritize Risks**

Gather the team again to debate the relative impact and likelihood of each risk. Plot the risks on a graph, with impact on one axis and likelihood on the other.

**Address Risks**

Create mitigation plans for the risks with the highest impact and highest likelihood. Use tools like written policies and procedures, training and communications.

**Measure and Repeat**

Restart the process by assessing the remaining risks and determining the effectiveness of your strategy. If not effective, you’ll have to try another approach.