

Study Questions—Mylrea and Lattimore—“How to Create and use Corporate Risk Tolerance”

1. What is “risk tolerance” and how does it differ from “risk appetite”?
2. What is the difference in the managing of risk with a focus on “material financial impact” and “reputational impact” and an “impact on a firm’s reaching its goals”?
3. What is the basic definition of a firm’s “risk management capability”?
4. What are the elements that determine a firm’s risk management capability?
5. What are the tasks for the board in setting up risk management procedures?