Deloitte’s Legal Risk Management Framework

1. Identify
   - Understand the risk universe to help identify the legal risks which could have a material impact on the organization’s business strategy or objectives
   - Clearly define what constitutes legal risk so this is understood across the organization
   - Ensure clear ownership for risks between Legal and other functional areas such as Compliance

2. Assess
   - Define and embed a risk assessment process to assess the level of legal risk exposure against an agreed set of risk factors (e.g., regulatory, customer, financial, and reputation implications)

3. Control
   - Embed a control framework to bring residual legal risk within risk appetite
   - Determine the level of investment in control and the appropriate balance of proactive/reactive depending on risk appetite
   - Control measures could include policy setting, guidance and self-service tools, training, thresholds for escalation to legal, provision of legal advice, horizon scanning, issue management, use of technology to drive control
   - Ownership and execution of controls will often sit outside Legal and needs to be part of the control framework

4. Monitor & Report
   - Design a methodology for assessing the effectiveness of the control environment (e.g., key control indicators, control testing, control owner attestations)
   - Report residual risk profile for legal and control effectiveness to relevant governance forums

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