

Don Pagach:

- Hi, this is Don Pagach and I am the director of research for the ERM initiative here at NC State University and I have Nick Lemen from Eli Lilly with me and we are gonna talk about some of the pit-falls that might derail an ERM program. And so Nick, maybe you can just give me an idea of things that might come up, might derail an ERM program.

Nick Lemen:

- Sure. We have a small team that works on this at Lilly so that it's part of my responsibility and I have one employee that looks after ERM as well. So we're really incapable of managing a full program just by ourselves, so in order for us to be effective, we need to ensure that we have the engagement and alignment of senior management, the board of directors, and other line employees. So anything that we can do to ensure that that engagement thrives is really our responsibility.

Don:

- So sometimes you talked a little bit about the management. How do you make sure that they are not confused by some of the process, how do you make sure they are consistent and on focus with the program?

Nick:

- Sure, it is a constant challenge. What we try to do is have a consistent cadence every year, so we call it running the program, running the play. People know when it gets to be April we are reviewing the fully revised portfolio. When we get to August and September, that's the time when we are taking things to the executive committee and the board to look at the mitigations for each of those risks as well. And then throughout the year we are monitoring and mitigating risks in real time with our ERM liaisons the people in the business that help us run the program.

Don:

- So one of the things that we kind of focused on here at the ERM initiative is really making it a strategic focus for ERM as opposed to kind of a check-the-box type idea. So how do you keep people focused on the idea that this is part of your strategy?

Nick:

- So I've spent most of my time in my career on the business side. I've only been in ERM for about two or three years. So I've been in the seat where it comes the time to look at the ERM program and it's very easy to say here is what we did last year yes yes yes yes no. moving on. You're always looking for ways to do things more efficiently. We have to guard against that in ERM and we have to ensure that people value and understand the importance of having a fresh view every year. Starting and interviewing different people from all different segments of the company, different levels in the company, different geographies, and

getting fresh ideas into the program and into the process. That's the only way that you can ensure that you're appropriately identifying and then able to access and mitigate the biggest risks for the company.

Don:

- That's excellent. Thank you so much, really appreciate it Nick.