

Joint Media Release

FOR IMMEDIATE RELEASE



Deloitte and Group of 100 launch ASX Corporate Governance Council Principle 7 – recognise and manage risk Better Practice Guide

- **Good corporate governance essential for efficient capital markets and investor confidence**
- **Businesses need to transform their thinking about risk management**

11 March 2015: The third set of revisions to the ASX Corporate Governance Council's Principles and Recommendations sets the benchmark for good corporate governance practices for listed entities in Australia.

The revisions, effective for listed entities with financial years from or after 1 July 2014, introduce key recommendations and changes to Principle 7, further refining the recommendations to improve and strengthen risk management and increase the effectiveness of Board oversight.

Peter Matruglio, Deloitte Risk Transformation leader said: "The purpose of reporting under Principle 7 is to provide meaningful information to investors about an entity's risk management framework. Stakeholders expect companies to provide evidence of effective management regarding all material sources of risk, including financial risk, operational, economic, environmental and socially sustainable risks, as well as other non-financial material business risks."

Because Principle 7 is aligned to the ASX's open disclosure and 'if not, why not?' regime, the content, format and style of the best practice guide is not prescriptive. "A company's risk management and internal control frameworks need to be tailored to each entity's circumstances," said Matruglio.

To this end the Group of 100 (the peak body for Australia's senior finance executives from the nation's major listed entities) and professional services firm Deloitte, have joined forces to develop and launch a Better Practice Guide to assist members and businesses implement Principle 7 under the ASX Corporate Governance Council's Principles and Recommendations.

Matruglio said: "Good corporate governance is essential for efficient capital markets and building investor confidence. Given today's volatile economic environment and the speed with which reputations can be made or destroyed virally, it is critical that Boards, Chief Financial Officers and Audit & Risk Committee Chairs understand the attributes of effective risk management and how it helps drive performance and top quality corporate governance."

Neville Mitchell, the President of the Group of 100 said: "The ASX Corporate Governance Council Principles and Recommendations were initially introduced in 2003 and subsequent revisions were made in 2007 and 2010. As a result



of the Group and during the Global Financial Crisis, a number of jurisdictions have adopted new legislation to tighten corporate governance codes.”

To this end the four key recommendations 7.1.to 7.4 have been substantially enhanced. Recommendation 7.1 focuses on the need to set up and manage a Risk Committee to oversee risk, and 7.2 on the need to annually review the risk management framework. The two new recommendations in the third edition are 7.3.and 7.4 with 7.3 recommending where a listed entity should disclose whether it has an internal audit function, how it is structured and what role it performs. Unlike recommendation 7.3 in the second edition, this will apply to financial statements for half yearly and quarterly reporting periods as well as year-end financial statements.

Recommendation 7.4 arose in response to an increasing focus by investors on a listed entity’s ability to create or preserve value. It is modified from Principle 3 from the second edition to ‘act ethically and responsibly’, and is about assessing and managing economic, environmental and social sustainability risks.

Mitchell said: “The Group of 100 is committed to assisting its members achieve good governance outcomes. The Guide brings together useful local and global approaches for entities to consider when implementing or reviewing the effectiveness of their risk management frameworks so they can better implement the ASX Corporate Governance Council’s Principles and Recommendations. It does not specify or adopt a particular model or approach.”

This third edition of the Better Practice Guide prepared by the G100 and Deloitte follows the release in March 2014 of the revised ASX Corporate Governance Council Principle 7: Recognise and manage risk.

NB: See our media releases and research at www.deloitte.com.au and the Guide [here](#) and www.group100.com.au



Follow us – @DeloitteNewsAU

For further information:

Peter Matruglio
Lead Partner
Deloitte Risk Transformation
02 9322 5756
pmatruglio@deloitte.com.au

Louise Denver
Director Corporate Affairs &
Communications Deloitte
02 9322 7615/ 0414889857
ldenver@deloitte.com.au
@DeloitteNewsAU

About Group of 100

The Group of 100 is an organisation of Chief Financial Officers from Australia’s largest business enterprises with a purpose of advancing Australia’s financial competitiveness.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 200,000 professionals, all committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia’s leading professional services firms, and winner of both the Australian Financial Review/CFO Audit Firm of the Year and Accounting Firm of the Year awards 2013, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 6,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit Deloitte’s web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2015 Deloitte Touche Tohmatsu