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Principle 7:
Recognise and Manage Risk
Guide for small – mid market
capitalised companies



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ASX Markets Supervision Education
and Research Program



Quick start guide

Use the quick start guide below to help you navigate through the guide

Action	Reference in the guide	Has action been completed?
Complete risk tolerance questionnaire	4.1	<input type="checkbox"/>
Draft Risk Management Policy	4.2	<input type="checkbox"/>
Approve Risk Management Policy	4.2	<input type="checkbox"/>
Publish Risk Management Policy on the company website	4.2	<input type="checkbox"/>
Review board charter and role descriptions to ensure accountability for risk is included	4.3	<input type="checkbox"/>
Identify material business risks and document in the risk register in year one and continue to reassess the full list of risks in consecutive years	5.1	<input type="checkbox"/>
Allocate risk owners to critical risks	5.1	<input type="checkbox"/>
Manage material business risks	5.2	<input type="checkbox"/>
Update the risk register or prepare individual risk reports and present to the board	5.3	<input type="checkbox"/>
Prepare CEO/CFO certification	5.3	<input type="checkbox"/>
Prepare a summary of the risk management activity throughout the year and present to the board (including effectiveness statement)	5.3	<input type="checkbox"/>
Prepare annual report disclosure with respect to Recommendation 7.4 under Principle 7	6	<input type="checkbox"/>



Process checklist to implementation

A checklist below has been included to assist the reader to report positively against the recommendations of Principle 7 in their annual reports.

Board meeting	Action	Has action been completed?	Status	Reference in the guide
Quarter one	Complete risk tolerance questionnaire			4.1
	Draft Risk Management Policy			4.2
	Approve Risk Management Policy			4.2
	Publish Risk Management Policy on the company website			4.2
	Review board charter and role descriptions to ensure accountability for risk is included			4.3
Quarter two	Management and board to identify material business risks and document in the risk register in year one and continue to reassess the full list of risks in consecutive years			5.1
	Allocate risk owners to critical risks			5.1
	Manage material business risks			5.1
Quarter three	Update the risk register or prepare individual risk reports and present to the board			5.2
	Manage material business risks			5.3
Quarter four (full year)	Update the risk register or prepare individual risk reports and present to the board			5.2
	Manage material business risks			5.2
	Update the risk register or prepare individual risk reports and present to the board			5.3
	Prepare CEO/CFO certification			5.3
	Prepare a summary of the risk management activity throughout the year and present to the board (including effectiveness statement)			5.3
	Prepare annual report disclosure with respect to Recommendation 7.4 under Principle 7			6



Useful references

- ASX Corporate Governance Council:**
www.asx.com.au/corporategovernance
- Blakiston & Crabb Corporate Governance:**
<http://www.blakcrab.com.au/>
- Deloitte ASX Principles:**
www.deloitte.com/au/corporate_governance
- Deloitte Risk Intelligence:**
www.deloitte.com/RiskIntelligence
- Group of 100:**
www.group100.com.au
- Institute of Internal Auditors:**
Guidance on implementing Principle 7: 'Recognise and manage risk' of the 2007 Edition of the ASX Corporate Governance Principles and Recommendations.
www.iaa.org.au
- COSO Internal Controls and ERM models:**
www.coso.org
- AS/NZS 4360:2004 Risk Management:**
www.standards.org.au



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