ICGN Corporate Risk Oversight Guidelines
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About ICGN

The ICGN is a global membership organisation of around 550 leaders in corporate governance based in 50 countries with investors collectively representing funds under management of around US$18 trillion. The breadth and expertise of ICGN members from investment, business, the professions and policymaking extends across global capital markets and our mission is to raise standards of corporate governance worldwide. For more information about the ICGN contact the Secretariat by telephone: +44 (0) 207 612 7098, email: secretariat@icgn.org or visit www.icgn.org.
Preamble

The International Corporate Governance Network (ICGN), founded in 1995 at the instigation of major institutional investors\(^1\), represents investors, companies, financial intermediaries, academics and other parties interested in the development of global corporate governance practices. One of its objectives is to facilitate international dialogue on issues of concern to investors. High standards of corporate governance, including effective dialogue between companies and their shareholders, the ICGN believes, are a prerequisite for companies to compete effectively and for economies to prosper. The ICGN also believes that it is in the public interest to encourage and enable the owners of corporations to participate in their governance.

For companies and investors alike, risk taking is an inseparable element of strategy and a crucial driver in achieving objectives, including optimising value over time. Risk is part of every decision a company makes. Strategy and risk are not new concepts, although it is recognised that risk is a subject of increasing attention and regulatory and legislative movements in many jurisdictions. The board’s and investor’s ability to gauge and respond to how a company is managing risk has broader relevance beyond the board and shareholders alone. It bears on the company’s impact on all stakeholders including employees and the communities in which an enterprise does business, and in certain instances, national or international markets.

Financial stability and non-financial factors are both important determinants of corporate strategy. Risk and risk oversight must therefore be understood broadly. In this document risk is defined\(^2\) as the effect of uncertainties on corporate objectives, recognising that the effect can be either positive or negative. Boards and investors need to consider material risks of which the effects are manageable within the organisation’s sphere of influence including but not limited to financial, market, operational, environmental, ethical, fraud, legal and compliance, and reputational risks. Risk oversight is defined as the board’s supervision of the risk management framework\(^3\) and risk management process\(^4\). Risk management is distinct from risk oversight, as it is a responsibility of a company’s management team.

Boards and shareholders have a joint responsibility to engage in substantive and effective communication on corporate risk oversight. Communication models and methods for this should not be any different than for other corporate governance matters. However, the topic of corporate risk oversight is a subject on which boards and investors should specifically engage. Active, informed, constructive and periodic

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\(^1\) The term “institutional investor” has the same meaning as set forth in section 2.1 of the ICGN Statement of Principles on Institutional Shareholder Responsibilities (2007), a professional investor who acts on behalf of beneficiaries.

\(^2\) This definition, as other definitions in this document, is in line with the definition as stated in the ISO Guide 73. Risk oversight is not a defined term in ISO Guide 73. ISO Guide 73 is but one source of useful information that may be consulted for information on definitions and guidance related to risk management.

\(^3\) Risk management framework is defined in line with the ISO Guide 73 as set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring (3.8.2.1), reviewing and continually improving risk management (2.1) throughout the organization. References between brackets refer to the ISO Guide 73.

\(^4\) Risk management process is defined in line with the ISO Guide 73 as the systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analyzing, evaluating, treating, monitoring (3.8.2.1) and reviewing risk (1.1). References between brackets refer to the ISO Guide 73.
communication between board members and shareholders is crucial for a mutual understanding of corporate strategy, risk and risk oversight. Such dialogue should be founded upon an appropriate and comparable level of respect, trust, seniority, skill and professionalism between investors and companies.

The objective of these guidelines is to help investors assess how well a portfolio company’s board either unitary or supervisory\(^5\) is effectively overseeing risk management. The guidelines are intended to be used by institutional investors who own stakes in corporations in all jurisdictions. Users need to exercise their judgement when applying the guidelines to specific jurisdictions, companies and circumstances. Further the targeted audience for this guidance is broader than just company boards and investors; it includes auditors, risk advisory and rating firms as well as provincial, national and international supervisory bodies.

These guidelines rest on the following assumptions about the architecture of risk governance and the sequence and distribution of responsibilities.

- The risk oversight process begins with the board. The unitary or supervisory board has an overarching responsibility for deciding the company’s strategy and business model and understanding and agreeing on the level of risk that goes with it. The board has the task of overseeing management’s implementation of strategic and operational risk management.

- Corporate management is responsible for developing and executing an enterprise’s strategic and routine operational risk program, in line with the strategy set by the board and subject to its oversight.

- Shareholders, directly or through designated agents, have a responsibility to assess and monitor the effectiveness of boards in overseeing risk at the companies in which they invest, and to determine what level of resources they will dedicate to this task. Investors are not themselves responsible for risk oversight at corporations.

These guidelines specifically address the challenge investors have, directly or through agents, in addressing risk at specific portfolio companies. However, it is well recognised that investors need to address risks in other ways, too, that lie beyond the scope of this guidance. For instance, they should identify, understand

\(^5\) The principles are intended to apply to both a single-tier board and a two-tier board structure. When referring to the “full board” or “the board” it is intended that this be specific to the actions of the non-executive and other directors that may comprise the supervisory board in a two-tier system or the unitary board in a single-tier system.
and take responsibility for how risks are managed in indexed portfolios. And they should understand and take steps to manage their exposure to portfolio risks that could result from aggregation of investments which are exposed to similar events. In any case, ultimate investors should monitor and make conscious choices involving risk based on an evaluation of long-term effects on the interests of underlying fund beneficiaries and participants.

The guidelines do not in any way seek to eliminate or minimize risk taking. In a healthy dynamic market profits are largely sourced from risk taking. Companies and investors alike are aware of this and act accordingly. However, a sound risk management program should demonstrably identify and reduce the frequency of potentially large loss events. Such large loss events may be particularly likely to occur as a result of a failure to manage systemic risk, rather than as the result of the idiosyncratic risk arising in one investment.

These guidelines are divided into three sections. Section 1.1 sets guidance for the internal board and company process on corporate risk oversight; Section 1.2 follows with guidance on investor responsibility in the context of corporate risk oversight. Section 1.3 culminates with guidelines on board and company disclosure of the risk oversight process.

The document recommends guidelines and suggested practices, as opposed to prescriptive rules to be followed. Should any of the following guidelines conflict with or confound local laws or regulations, the guidelines should only be applied in such a manner as to not violate such laws or regulations, as they are intended to complement laws and regulations.

These ICGN Corporate Risk Oversight Guidelines are not written in isolation. These guidelines are part of a larger framework of ICGN statements and principles. Attention is drawn to the ICGN Global Corporate Governance Principles (2009), especially to the full Section 4 on Risk Management, Section 2.2 on Effective board behaviour, Section 2.3 dealing with Responsibilities of the board, and 3.7 that addresses whistle-blowing practices. Further, the ICGN Statement on Institutional Shareholder Responsibilities (2007) is of importance in this context, especially Section 3.2 on the appropriate level of resources, experience and skills required of portfolio managers and others in similar agency positions.
1.0 Corporate Risk Oversight

1.1 Board and company process

The corporate board has a responsibility to take steps to assure that it has a proactive and dynamic approach that results in effective oversight of risk management.6

1.1.1 Risk and strategy

Strategy, risk tolerance and risk are inseparable and should be connected in all discussions in the board or supervisory board. Capital allocation and capital structure should be visibly aligned with strategy and risk tolerance. The board should hold management accountable for developing a strategy that correlates with the risk tolerance of the organisation.

Boards are responsible for approving corporate strategy and risk tolerance. These should be connected to an appropriate risk management methodology based on an established risk management process. The board should hold management accountable for designing and implementing a risk management system.

1.1.2 Risk oversight process

Boards are responsible for overseeing the way in which the risk management process recognises, prioritises and effectively mitigates and responds to risk. Boards should maintain an active and alert attitude to emerging and unforeseen risk. They should be attentive not just in the context of negative events, but also by taking onto account the changing landscape of opportunities and threats and stakeholder opinions that could alter the effectiveness of a company's strategy or even the viability of a company and or its industry. They should be particularly mindful of systemic risks, where risk taking behaviour by one or more companies can compound to the detriment of the company's stakeholders.

Responsibility for risk oversight rests with the full board, even if a risk committee or other specialised committees are established. Delegation of responsibility to specialised committees is an important tool in strengthening the board’s capacity in overseeing risk. If, the board allocates responsibility for risk oversight to one or more committees, it should describe terms of reference for these bodies in its corporate governance principles and committee charters. The board should determine how the work of its committees is to be coordinated and how it is integrated in board’s discussions on strategy.

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6 An example of further guidance and information on board and company process, is the Financial Reporting Council’s Internal Control: Revised Guidance for Directors on the Combined Code (2005), specifically the section titled “Two – Maintaining a sound system of internal control.”
Boards should directly influence the risk profile of an enterprise. This involves making key decisions such as setting boundaries outside which the management is not permitted to operate; defining succession plans for top management; defining a selection process for new members of the board and of top management; and defining incentive schemes for top management.

1.1.3 Enterprise-wide view of risk

A common definition of risk must be understood by all stakeholders within an organisation. The critical aspect of the definition is that the board, management and employees understand the meaning of risk as it relates to their individual responsibilities.

Boards should ensure that management has aggregated material risks across the organisation to arrive at an enterprise-wide view of risk which contemplates the potential effects of simultaneous interaction among the risks, both on the company and the wider financial system. Such an aggregated view should be evaluated at least annually for alignment with the organisation’s strategic plan and objectives.

1.1.4 Board culture

Board dynamics are fundamental to the decision making process for supervising strategy and risk management. Non-executive board members have an important role and ability to improve or challenge boardroom dynamics, but it is the responsibility of all board members to exercise independent and active judgment. It is crucial that independent judgement be supported by a far reaching understanding of the company, its strategy, and its industry. Boards should lead by example and foster an effective and demanding risk culture in the boardroom and the broader company.

A company’s culture and organisational structures should encourage openness, dynamic dialogue on risk and strategy and constructive challenge of judgment and assumptions. Periodic assessments should be undertaken to evaluate the company’s culture, with particular regard to risk and the process by which issues are escalated and de-escalated within the company.

1.1.5 Non-executive board members

Non-executive board members, through a specialised committee, and/or the outside chair or lead or senior independent director should collaborate with executive directors and management to determine
which information the non executive board members receive on risk matters and how frequently.

Non-executive board members should have rights and capacity to obtain information from other sources and advisors, including those outside the company. Clarity in decision making structures and a disciplined approach to risk attitude should not preclude boards from actively gathering additional information from any member of executive management.

1.1.6 Board competency

In order for the board to be equipped to carry out its responsibility for risk oversight, it must have a sufficient knowledge and understanding of the company and its industry.

Boards should assure themselves through periodic assessments that the board composition and director skill sets are appropriate for effectively overseeing the process and content of material risk. Gaps in necessary collective competencies or knowledge can be addressed by educational programmes and through the selection process for new board members. Whatever body is charged with selecting director candidates, they should ensure that nominees have the appropriate level of capability and related experience commensurate with the strategic and risk complexity of the enterprise.

1.1.7 Access to information

Reliable and timely information are important features as they allow appropriate authorities to incorporate insightful information in making decisions. Information protocols within a company should allow for and anticipate the continually changing landscape in which companies operate. The board must recognise that a failure to act on information it has can be just as damaging as not having the information at all.

Boards should obtain assurance from management that the risk information provided to the board is complete and reliable with regard to identified risks and that the management has undertaken all reasonable endeavours to identify all material risks. Boards should periodically pose the question as to whether or not current management has the capacity to effectively identify, explain and execute strategy and risk processes. Boards should ensure that such responsibilities and skills are among job performance benchmarks for senior executives both as part of succession planning, ongoing supervision of management and executive remuneration policies.
1.1.8 Chief risk officer

The board should determine if it is appropriate for the company to create a management position responsible solely for managing risk (for example, a chief risk officer). If the board determines that such a position is not necessary, it should identify a person who is to assume responsibilities for risk management, commensurate with the role of chief risk officer. This person should be able to report directly and independently of management to appropriate non executive members of the board. The position of a chief risk officer or equivalent is truly empowered by the requirement that only independent directors can alter the terms of employment. The risk management framework, allocated staff and resources should be appropriate and sufficient to properly conduct the risk management process.

1.1.9 Dialogue with shareholders

Boards should make available to shareholders one or more communication channel(s) for periodic dialogue on governance matters, including the board’s role in risk oversight. Boards should clearly explain such procedures to investors, including guidance related to compliance with fair disclosure and other relevant market rules. Boards should regularly invite shareholders to express views and concerns regarding strategy and risk oversight.

1.2 Investor responsibility

The investor should take effective steps to assess a board’s oversight of risk with respect to the company’s strategy.

1.2.1 Investor capacity

In carrying out ownership responsibilities, it is incumbent upon shareholders to have capacity to inform themselves of and monitor on an ongoing basis the quality of strategy and risk oversight by boards of investee companies. They may do so by relying on company disclosures, in-house research or external sources.

1.2.2 Investor self-assessment

Institutional investors should undertake on a periodic basis an assessment of their own resources, skill base and outsourcing options to ensure that they meet agreed levels of responsibility for monitoring boards on risk oversight. The assessment could include, for example, a review of whether and how internal remuneration, job descriptions and staff performance reviews may be tied in part to such analyses. Investors should provide beneficiaries with a periodic statement explaining their strategy and
capacity for analysing and monitoring current or prospective portfolio companies for strategy, risk oversight, and risk management. For example, where they utilise external services for this, they should consider disclosing the name of the provider of the services in question, the nature of the mandate they have been given and procedures for monitoring performance of the provider.

1.2.3 Information on risk

Questions that investors should be able to answer about investee companies include:

- What are the material risks that the company faces?
- How much risk is the company taking in order to achieve strategic objectives?
- Does the management maintain an adequate risk management system?
- Does the board possess the competencies, structures and processes to maintain risk oversight?

In case investors cannot derive these answers from disclosed company information, investors have a responsibility to engage the company to provide additional information or to take corrective action.

Investors should consider posing questions on risk to boards and managements. Among those that may be asked, depending on circumstances, are the following:

**Material risks**

- In which areas of the firm is risk policy most challenged?
- How does the company define its material strategic risks?
- What systemic risks might be created by the actions of the company and its industry?
- Can the board explain why changes in strategy are necessary?
- What keeps board members or executives awake at night?
- Does the company have a crisis response plan in place?

**Culture**

- What measures does the board take to instil from the top through the company a culture of risk monitoring and accountability?
- What steps does the board take to ensure that management at relevant
levels of the company understands that the board maintains robust oversight of risk management?

• What is the risk culture in the company? How does it compare to the desired risk culture in the company? How is the design of risk oversight and risk management supporting the desired risk culture?

• Does the board maintain, monitor and refresh an ethics policy for itself and employees and, if so, how is such policy embedded throughout the organisation?

• Can the board explain (irregular) changes in the composition of the board and management?

Structures

• How does the board allocate risk oversight responsibilities between its committees?

• How does the board ensure effective communication between its committees with respect to risk?

• Can the company clearly define the relationship between the risk, audit, and compensation committees? How does the board avoid committees working independently of each other?

• To what extent does the board retain independent counsel and expertise in executive compensation and CEO succession & selection to ensure effective organizational and leadership risk management?

• Can the board explain why a change of the external auditor may have been necessary?

• In financial services firms, who is responsible for setting overall trading and or credit limits? How are individually assigned limits or group limits associated with similar type of risk set, monitored and controlled?

Process

• How many risk issues were communicated to the management and the board within the last year and what was their response to these issues?

• How often and in what circumstances was the company’s risk tolerance policy breached in the last reporting year?

• Who are the company’s most highly remunerated employees and why? Are their incentives based on risk adjusted performance and if so how?

• How often is the company’s whistle blowing policy used?
• How much board or management time is spent on contingency planning? (resilience planning rather than identification of risks)

• What were the main recommendations from the last board evaluation and what has been done to address them?

• What were the main recommendations concerning risk made by the external auditor and what has been done to address them?

• Did risk play a role in any changes made to accounting policies?

Results

• Can an executive describe the role of risk oversight in his or her daily job in association to the company's business and strategy?

• What evidence demonstrates that the board on an ongoing basis is committed to improving risk oversight?

• When was the last time the company’s risk function stopped something from happening?

• What is management doing to improve risk management? What were the latest improvements and which improvements are currently being worked upon?

1.3 Board and company disclosure

The board should concisely disclose information sufficient for investors to make judgments on the quality of the board’s oversight of the risk management process.

1.3.1 Disclosure frequency

Disclosure should be made at least annually, in conjunction with an organisation’s regular financial reporting process.

1.3.2 Disclosure format

Boards should provide investors with a statement that includes information on risk oversight procedures and board perspectives on risk in the approved strategy. This should be in a text identified as distinct from any reports or disclosures issued by management concerning specific risks faced by the company. The disclosure statement should be consistent with the size and complexity of the company.

1.3.3 Disclosure structure

Boards should explain to investors those aspects of the corporate governance structure that the board relies upon to
oversee the strategy and material risks of the company, including whether a board-level committee specialised on risk exists and the nature of its responsibilities and the feedback loop into the board’s strategy discussions.

1.3.4 Disclosure of policy

In disclosures, a board should describe the enterprise’s approach to risk within the context of current corporate strategy, the process used to set parameters of the company’s risk tolerance, the frequency with which these parameters are reviewed, and whether any limits on risk-taking are imposed on management.

Boards should disclose (any changes in) material risks, including changes that result from modifications of strategy as well as changes in the company’s environment (e.g., market shares and competitors).

Boards should disclose how they monitor robustness of contingency and resilience planning for risk threats and opportunities.

Boards should clearly articulate how they ensure that variable pay practices for executives align with the company’s strategy and risk management and the current state of the company.

1.3.5 Disclosure of process

Boards should explain to investors how members collectively have reviewed, challenged and approved management’s information on company risk and risk management in light of the company’s strategy.

Boards should disclose risk oversight challenges that may have emerged over the reporting period, including action taken or planned to address them. The board should describe how it dealt in respect of procedure with any failures of risk oversight. The board should explain how on an ongoing basis it seeks to improve risk oversight.

Boards should disclose how they ensure that broader economic risks and systemic industry risk that can affect probabilities of meeting the company strategy are taken into account. This explanation should include consideration of multiple events occurring simultaneously.

1.3.6 Disclosure of board competency

Boards should provide sufficient information on their own members so that shareholders can effectively evaluate the full boards’ integrity and qualifications. For instance, boards may disclose member competencies, continuing education programmes, industry and risk
management knowledge and experience, and adherence to board ethics standards. Boards are encouraged to communicate openly about any current identified gaps in board competence and their course of action to address these.

1.3.7 Additional disclosure considerations

The board’s periodic risk oversight statement to investors, in addition, should include information on at least the following:

- how and how often strategy, level of risk tolerances, and risk oversight are assessed by the board in connection to each other;

- how and how often the suitability of the capital structure, the capital allocation process, the risk management framework and the risk management process are assessed with respect to strategy and risk tolerance;

- how and how often the structure of information flow and levels of decision making regarding actively taken risks are assessed with regard to effective risk oversight;

- how and how often stakeholders are considered in the risk management process;

- how the board addresses its responsibility for risk oversight in its annual evaluation process.

2.0 References

Taskforce Terms Of Reference

The Taskforce on Corporate Risk Oversight (TCRO) is a project of the International Corporate Governance Network (via its standing Shareholder Responsibilities Committee) and was co-chaired by Erik Breen of Robeco and Stephen Davis of the Millstein Center for Corporate Governance and Performance at the Yale School of Management. Support was provided by Phil Soulanille, Deloitte7 Visiting Fellow at the Millstein Center and Karol Klimczak, 2009 Kozminski-Sendzimir Postdoctoral Researcher In-Residence at the Millstein Center.

The Taskforce’s mission is to develop guidance that would help investors assess whether a portfolio company’s unitary board or supervisory board is effectively overseeing risk management.

The Taskforce is composed of individuals in and outside the ICGN and from multiple jurisdictions and perspectives. The Taskforce is also operating with the assistance of an international Sounding Board Group (SBG) consisting of experts and investor, corporate and other officials.

with exposure to the field of risk. Members are listed in Annex 4.1.

Background Materials

The Taskforce and Sounding Board Group were provided with background materials for their work on corporate risk oversight. Should any ICGN members wish to obtain a copy of such materials, please contact Phil Soulanille at psoulanille@deloitte.com.

3.0 Appendix

3.1 Relevant Excerpts from ICGN Principles

From ICGN Global Corporate Governance Principles: Revised (2009)

3.1.2 Effective board behaviour

Boards need to generate effective debate and discussion around current operations, potential risks and proposed developments. Effective debate and discussion requires:

(a) that the board has independent leadership;

(b) that the chair works to create and maintain a culture of openness and constructive challenge which allows a diversity of views to be expressed;

(c) that there is a sufficient mix of relevant skills, competence, and diversity of perspectives within the board to generate appropriate challenge and discussion;

(d) that the independent element of the board is sufficiently objective in relation to the executives and dominant shareholders to provide robust challenge without undermining the spirit of collective endeavour on the board;

(e) that the non-executive element of the board have enough knowledge of the business and sources of information about its operations to understand the company sufficiently to contribute effectively to its development;

(f) that the board is provided with enough information about the performance of the company and matters to be discussed at the board, and enough time to consider it properly; and

(g) that the board is conscious of its accountability to shareholders for its actions.
3.1.2 Responsibilities of the board

The board's duties and responsibilities and key functions, for which they are accountable, include:

(a) Reviewing, approving and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.

(b) Overseeing the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place; in particular, financial and operational control, and compliance with the law and relevant standards.

(c) Ensuring a formal and transparent board nomination and election process.

(d) Selecting, remunerating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

(e) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.

(f) Overseeing a formal risk management process, including holding an overall risk assessment at least annually.

(g) Monitoring and managing potential conflicts of interest of management, board members, shareholders, external advisors and other service providers, including misuse of corporate assets and related party transactions.

(h) Monitoring the effectiveness of the company's governance practices and making changes as needed to align the company's governance system with current best practices.

(i) Carrying out an objective process of self-evaluation, consistently seeking to enhance board behaviour and effectiveness.

(j) Overseeing the process of disclosure and communications, and being available for dialogue with shareholders.

Carrying out these roles requires a positive working relationship with executive management but also the ability to call management independently to account. This means that the board will need at times to meet without management present.
3.2 Risk management

3.2.1 Effective and appropriate risk management

Companies need to take risks, for without risks there will be no returns. However, boards need to understand and ensure that proper risk management is put in place for all material and relevant risks that the company faces.

3.2.2 Dynamic management process

The board has the responsibility to ensure that the company has implemented an effective and dynamic ongoing process to identify risks, measure their potential outcomes, and proactively manage those risks to the extent appropriate. The board should also determine the company’s risk-bearing capacity and the tolerance limits for key risks, to avoid the company exceeding an appropriate risk tolerance. This process needs to be a dynamic one to respond to risks as they develop and as the company’s business and marketplace develops. If necessary the board should seek independent external support to supplement internal resources.

3.2.3 Board oversight

Companies should maintain a documented risk management plan. At least annually, the board should approve the risk management plan which it is then the responsibility of management to implement.

3.2.4 Comprehensive approach

Risk identification should adopt a broad approach and not be limited to financial reporting; this will require consideration of relevant financial, operational and reputational risks.

3.2.5 Disclosure

Companies should disclose sufficient information about their risk management procedures to reassure their shareholders that they are appropriately robust. Disclosures should include the handful of particularly key risks which the company faces.

From ICGN Statement of Principles on Institutional Shareholder Responsibilities (2007)

3.3 Definitions

3.3.1 In this statement the terms ‘institution’ and ‘institutional investor or shareholder’ are used to refer to professional investors who act on behalf of beneficiaries, such as individual savers or pension fund members. Institutional shareholders may be the collective investment vehicles, which pool the savings of many or the asset managers to whom they allocate the funds.
Examples of the former include: pension funds, insurance companies, and mutual funds. The investment arrangements for these institutional shareholders will vary according to type, and local law or regulation.

3.3.2 Four main elements apply to the internal governance of those involved in the investment chain if this fundamental principle is to be met:

3.4 Expertise

Decision makers along all parts of the investment chain should be appropriately resourced and meet relevant standards of experience and skill in matters subject to deliberation. Governing bodies should have the right to outside advice, independent from any received by the sponsoring body. Portfolio managers and others in a similar agency position should deploy sufficient, qualified resources to meet clients’ expectations. Delegation of key processes such as engagement with companies, voting decisions and execution does not absolve agents involved in the investment process from their fiduciary responsibility to beneficiaries. They should be able to justify to beneficiaries specific actions taken on their behalf whether by themselves or by those to whom specific services are outsourced.

4.0 Annexes

4.1 Members of the Taskforce on Corporate Risk Oversight

The ICGN is grateful to the members of the Taskforce in developing the Corporate Risk Oversight Guidelines.

TCRO Committee Members

- Roger Barker, Head of Corporate Governance, Institute of Directors
- Mark Beasley, Deloitte Professor of Enterprise Risk Management and director of the ERM Initiative at North Carolina State University, North Carolina State University
- Erik Breen, Head of Responsible Investing, Robeco
- Jean-Nicolas Caprasse, European Governance Head, RiskMetrics Group
- Kathleen Carney, Senior Legal Counsel, Relational Investors LLC
- Stephen Davis, Executive Director & Lecturer, Millstein Center for Corporate Governance & Performance
- Khalid Deeb, Director General, Abu Dhabi Center for Corporate Governance
- Margaret Foran, VP, Chief Governance Officer and Secretary, Prudential Financial, Inc.
John Jarrett, Research Director, GovernanceMetrics International

Keith Johnson, Head of Institutional Investor Legal Services, Reinhart Boerner Van Deuren s.c.

Laurel Leitner, Senior Analyst, Council of Institutional Investors

Jon Lukomnik, Program Director, IRRC Institute

Ira Millstein, Senior Dean of Corporate Governance, Millstein Center for Corporate Governance & Performance

Simon Osborne, Joint Head of ICSA Board Evaluation, Institute of Chartered Secretaries and Administrators

Cees Visser, Partner, Ernst & Young Advisory - Risk Services

Dr. Casper George de Vries, Chair of Monetary Economics, Erasmus Universiteit Rotterdam

Steve Wagner, Retired Deloitte Partner, Deloitte & Touche LLP

**Sounding Board Group Members**

Andre Baladi, Co-Founder, ARICI-CARICI, ICGN, Stichting Converium Securities Compensation Foundation, UNCTAD-ISAR

Robyn Bew, Principal, Tapestry Networks Inc.

Hans-Martin Buhlmann, CEO, VIP (Vereinigung Institutionelle Privatanleger) e.V.

Francesco Chiappetta, General Counsel, Pirelli Group

Andrew Clearfield, President, Investment Initiatives

Roberto Danel, Managing Partner Control de Gestion de Negocios

Todd Davies, Founder, Todd Davies & Associates

Philip Higginson, Managing Director, PRO:NED

David Jackson, Special Counsel and Company Secretary, BP Plc

Dimitrios Koufopoulos, Senior Lecturer in International Management and Strategy, Brunel University

Charles Macek, Chairman of the Board, Sustainable Investment Research Institute

Robert Mark, CEO, Black Diamond Risk

Daniel Summerfield, Co-head, Responsible Investment Universities Superannuation Scheme (USS) Ltd
4.1.2 Respondents to the Request for Consultation

The ICGN Taskforce would also like to thank members and others who responded to the ICGN consultation which helped in the development of these guidelines:

- Rients Abma, Eumedion
- Robyn Bew, Tapestry Networks
- Timothy Boatman, Telekom Polska (Chairman of Audit Committee)
- Ann Byrne, Australian Council of Super Investors
- Susan Enefer, BC Investment Management Corporation
- Maureen Errity, Deloitte LLP
- Judith Fox, Chartered Secretaries Australia Ltd
- Pako Kedisitse, Fincommerz Consult (Pty) Limited
- Paul Lee, Hermes Equity Ownership Service
- Sean Lyons, Risk-Intelligence-Security-Control R.I.S.C. International (Ireland)
- Beckwith B. Miller, Ethics Metrics LLC
- Michael Schrage, research fellow at the MIT Center for Digital Business
- Linda Scott, Governance for Owners
- Arjumand Ahmed Shah, Pakistan Institute of Corporate Governance
- Alan Willis, Alan Willis & Associates
- Bob Walker, Northwest & Ethical Investments L.P
4.2 Contact

For more information about the work of the ICGN Corporate Risk Oversight Taskforce, please visit the ICGN website (www.icgn.org/policy_committees) or contact Kerrie Waring, ICGN Acting Head of Secretariat:

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By telephone: +44 (0) 207 612 7098
By post : ICGN, 16 Park Crescent, London, W1B 1AH

4.3 Other ICGN Best Practice guidance available:

- ICGN Guidance on Political Lobbying and Donations (2012)
- ICGN Model Contract Terms Between Asset Owners and Managers (2012)
- ICGN Non-executive Director Remuneration Guidelines (2010)
- ICGN Global Corporate Governance Principles (2009)
- ICGN Securities Lending Code of Best Practice (2007)