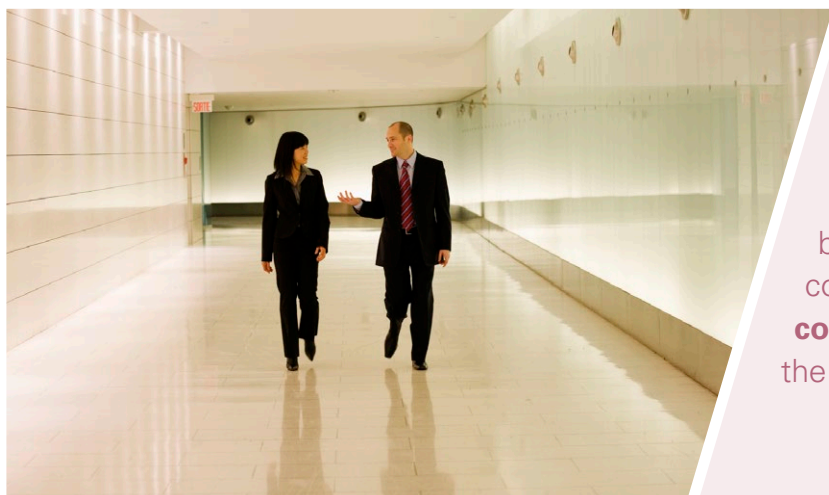


Boardroom questions:

A sustainable approach to Regulatory Compliance



Increasing **regulatory complexity** and **scrutiny** by relevant authorities continues to make **regulatory compliance** a **major issue** in the Boardroom and the C-suite

Considerations for the Board

Tone at the top: compliance with regulatory demands could be quite costly if not addressed



Time



Resource



Shareholder value

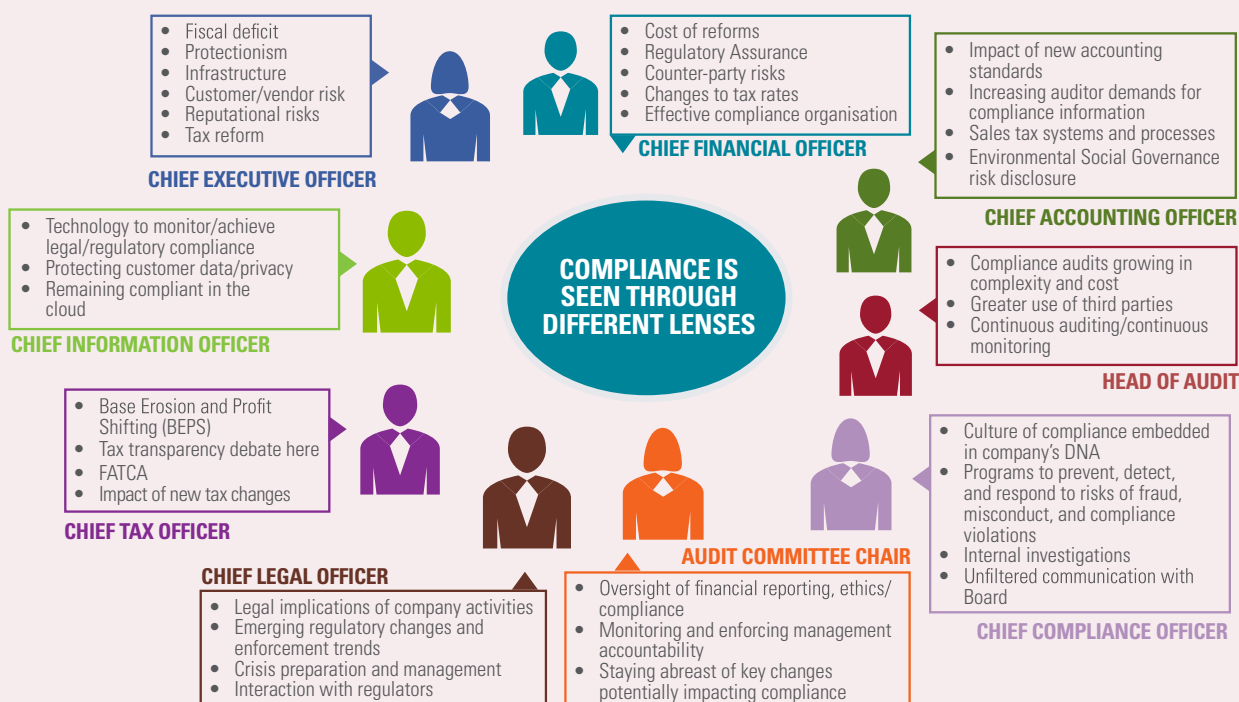


Constrained revenue growth



Profitability issues

Do each of the people below have enough support to ensure an organisation's compliance?



How are companies meeting the challenge?



How can the Board become more proactive in this area?



Confirm that Management...

- Stays **up to date** on the latest legislative and regulatory changes
- **Understands the implications** of new policies/regulations on business strategy, operations, people, processes, performance, financial statements, systems and controls
- **Ensures that the company adjusts to comply with new regulations in a timely and effective manner**
- Leverages regulatory changes into **business opportunities**
- **Predicts costs and manages investments** even in the face of uncertainty around tax and regulatory changes
- **Benchmarks against competitors** to enhance the company's compliance strategies and approaches
- **Communicates with regulators** and the public effectively, **to protect the company's reputation**
- **Actively models** a culture of compliance



Discuss whether we...

- Establish the right **tone at the top?**
- Know **which regulations pose the most risk** to the industry and organisation?
- Have the **right in-house compliance and regulatory talent** in place?
- Have a sound risk management framework in place which is regularly reviewed (ASX Principle 7).
- Understand if or how **compensation incentives** are **creating or reducing risk?**
- Ensure the business model, strategies and systems **enable both business growth and regulatory compliance**
- Have an understanding of new and emerging risks that may lead to regulatory change

What actions can the Board take?

Ensure management is proactively embedding regulatory compliance in the company's operations, risk management and strategy



Empowering compliance and risk executives in their roles and securing companywide sponsorship for consideration of regulatory issues.



Embedding the regulatory framework in the operating model early on, when possible.



Recognising the tone at the top and middle should guide **every single person** in the organisation to be conscious of risk management for both **compliance and business purposes**.



Empowering compliance and risk executives in their roles and securing companywide sponsorship for consideration of regulatory issues.

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