The ACG Corporate Risk Matrix

Cardinal Principles of Good Corporate Governance

#1 Types of Risk

- Political Risk
- Business Risk
- Operational Risk
- Legal Risk
- Reputational Risk

Changes in:
- Economies
- Governments
- Policies

Every day risks, e.g.:
- Product failure
- Security breaches (IT)
- Financial risk
- Credit (customer debt)
- Market trends
- Currency
- Liquidity

Changes in:
- Economies
- Governments
- Policies

- Changing markets (e.g., commodity prices collapse)
- Strategic risk

#2 Corporate Governance & Risks

- Ethics
- Corrupt practices
- Political risk
- Business risk
- Operational risk
- Legal risk
- Reputational risk

Outcomes:
- Financial losses
- Public relations
- Public relations

Strategy Management

- Political risk
- Business risk
- Operational risk
- Legal risk
- Reputational risk

Strategic Failure

- Political risk
- Business risk
- Operational risk
- Legal risk
- Reputational risk

Corporate Risk Categories

- Financial
- Credit
- Liquidity
- Interest rates
- Currency
- Business processes
- Security
- IT systems
- Constitutional
- Regulatory
- Business conduct

Organisation & Accountability