

# Risk appetite statement – Example

A **risk appetite statement** is used by governing bodies to communicate to executives and the broader organisation the level of risk the governing body is comfortable with taking and to guide decision making across the organisation. It provides clarity regarding the boundaries in decision-making and what risks need to be escalated back to the governing body for review and consideration. **Note:** items included in this risk appetite statement are **examples only**. It is the responsibility of each provider to develop and maintain governance tools that are appropriate for their own unique circumstances.

## Risk Appetite Statement

Risk category	Risk appetite statement	KRIs	Target	Within tolerance	Unacceptable
Consumer care	The provision of quality care and positive consumer experiences and outcomes is at the heart of everything we do. We have a <b>low appetite</b> for poor quality consumer care and outcomes.	# of preventable clinical incidents (monthly) % consumers highly satisfied with care	0-2 90-100%	3-5 80-90%	>5 <80%
Workforce	Our people are fundamental to the delivery of safe and quality care. We have a <b>very low appetite</b> for physical and psychological injuries to our people or those we look after.  We recognise there may be difficulties in filling roles and meeting resource demands and have a <b>medium appetite</b> for temporary capability or capacity gaps that don't impact service quality.	# of Workcover claims (new) % of care roles that are vacant	0	1-2	>2
Legal compliance	We operate in a complex and dynamic environment with a wide range of legislative obligations across multiple jurisdictions.  We have a <b>very low appetite</b> for any serious regulatory non-compliance and <b>zero tolerance</b> for unlawful activities.	# of high-risk compliance breaches # reportable compliance incidents	0 0	1 1	>1 >1
Information confidentiality	Maintaining the integrity and confidentiality of information is paramount to maintaining trust with our stakeholders and ensuring we provide a high standard of care. We have a <b>low appetite</b> for any serious breach of confidentiality and, in particular, sensitive health information.	# of information security incidents involving confidentiality breach # reportable privacy incidents	0 0	1 1	>1 >1

Risk appetite can be assigned against broad risk categories or each strategic risk. A benefit of aligning to a category is the risk appetite statement generally remains valid even when strategic risks are added or removed.

Colour coding the KRIs helps with creating a visual representation of risk appetite.

Unacceptable is the KRI result at which the organisation has determined urgent attention and action is required as the risk is outside appetite.

Within tolerance is the KRI result at which the organisation has determined active monitoring of the risk should occur as it is close to exceeding appetite.

Risk appetite statements should clearly outline the context and level of appetite for taking risks. Bolding the risk appetite level helps the reader to identify appetite levels at a glance.

Key Risk Indicators (KRIs) are measures that help identify when risk exposures may be within or outside appetite. Measures should be simple and cost-effective to collect.

Target is the result of the corresponding KRI the organisation should be operating within during normal operations.