Title	Risk Appetite Statement	Document No	PN-0034
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Pillar area	Governance	Schedule review date	Sep 2022

INTRODUCTION

The Risk Management Policy and Framework (RMPF) provide the structure for AusDBF to effectively manage our risks. This Risk Appetite Statement (RAS) is essential to the RMPF.

The objective of the RAS is to help us make decisions about risk. It provides guidance in terms of:

- The amount or level of risk that AusDBF is willing to pursue, retain, accept or tolerate to achieve our strategic and operational objectives;
- Embedding risk management as part of our decision making; and
- Ensuring that an appropriate level of risk taking is being applied in our daily operations.

DEFINITION OF RISK APPETITE

Risk appetite refers to the amount and type of risk that AusDBF is comfortable to accept to achieve our objectives. It balances the benefits of change or innovation with the threats that the change may bring. It sets the boundaries for the risks we can tolerate in our activities and helps us find the balance between risk taking and risk avoidance.

CORE PRINCIPLES

Overall, AusDBF has a balanced approach to risk. Our risk appetite is based on our core values and aligned to our strategic objectives.

It's important to remember that risk management is not purely about avoidance of risk. Our vision and strategic objectives require that we manage risk based on value. We accept that risk is commensurate with potential reward such as growth, transformation and innovation.

The key aspects of achieving balance are:

- Ensuring ethical and effective governance practices, including responsible management of resources;
- Capitalising on opportunities that promote growth, transformation and innovation, while avoiding unnecessary negative impacts;
- Preventing a culture that is risk averse and stifles growth, transformation and innovation; and
- Fostering a culture that supports value-based assessment and management of risks

The following core principles provide context for decision-makers in applying the RAS:

- The RAS is not an exhaustive list that addresses every situation but provides general guidelines

- Everyone is empowered to interpret the RAS to make pragmatic, risk-based decisions in the best interest of AusDBF and its stakeholders
- The RAS is a forward-looking expression of risk appetite. It reflects our tolerance for accepting new or developing risks (in addition to current risks) in achieving AusDBF's strategic objectives
- Our risk appetite and risk tolerance are dynamic and will change over time in response to different drivers
- All decisions align with AusDBF's Strategy and Mission, Vision and Values

KEY RISK APPETITE CONCEPTS

Our risk appetite reflects the AusDBF's risk profile and capacity to take risks. We use the following concepts in defining appetite:

- **Risk profile** — this is our overall position on risk. It considers the type and amount of risk AusDBF is exposed to across all risk categories

- **Risk capacity** —the maximum level or 'ability' of AusDBF to accept risk in each risk category

- **Risk appetite** — the amount and type of risk AusDBF is comfortable to accept to achieve its objectives

- **Risk tolerance** (upper and lower limits) — the level (generally quantitative) of risk which, if reached, would require an immediate escalation and corrective action. A breach of tolerance is a breach of risk appetite

The RAS sets boundaries for AusDBF to identify and control our risk capacity, risk profile, and risk appetite when evaluating and pursuing our strategic objectives.
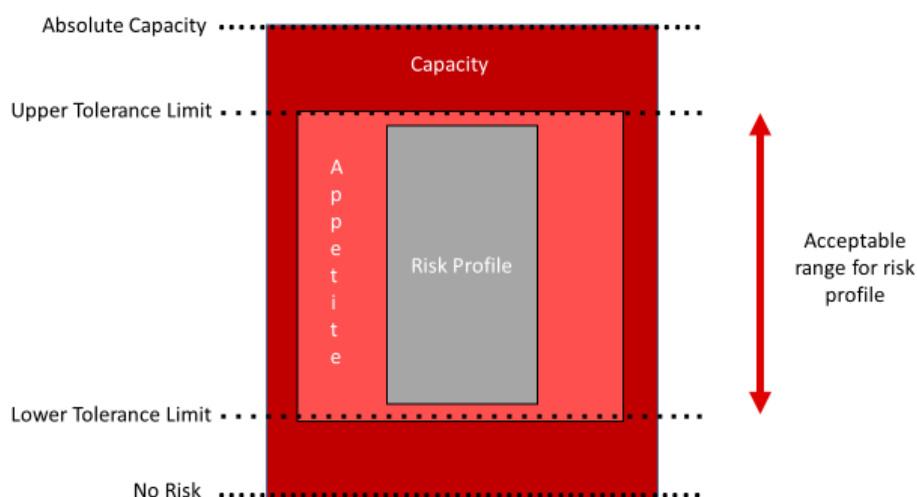
STATEMENT OF RISK APPETITE

Risk appetite statements are aligned to address various risks.

The RAS categories capture AusDBF's activities and areas of engagement, and summarised in the Risk Appetite Summary.

We recognise that our appetite for risk varies according to the activity undertaken. Our acceptance of risk is always subject to ensuring that the potential benefits and risks are fully understood before activities are authorised, and that sensible measures to mitigate risk are established where required.

States and Territories and other areas of AusDBF may have further sub-categories of risk appetite statements within the key risk categories.

RISK APPETITE RATINGS

The following matrix outlines the levels of risk appetite, how they are characterised, and AusDBF's tolerance levels and corresponding responses.

Risk Appetite Rating	Pictograph	Detailed Description
No Appetite		*Accepts No Risk*
Low Appetite		*Accepts as little risk as possible and takes a cautious approach towards taking risk*
Moderate Appetite		*A balanced and informed approach to risk taking.*
High Appetite		*A more aggressive approach to taking risk for increased benefit or to achieve integratedliving's strategy*

IMPLEMENTATION OF THE RISK APPETITE STATEMENT

AusDBF's appetite for and tolerance of risk as outlined in this RAS form the basis of our approach to managing risk in our day-to-day activities. The RAS informs the Risk Management Policy and Framework which provide the structure for our risk management processes.

Staff and members are responsible for managing their risk environment. This includes having appropriate controls in place and monitoring their effectiveness. These risks are identified, assessed and managed at both enterprise level ('top-down') and at operational level ('bottom-up'). Risk registers are used to document the risks.

Risks outside the appetite or agreed tolerance levels should be managed in line with this RAS and should be reported to the Board.

The Board is accountable for compliance with this RAS. Risk appetite also needs to be articulated for discussion at meetings, and any other governance committees when seeking approval for key strategic and operational decisions.

APPROVAL, REVIEW AND UPDATES

The RAS is reviewed annually in parallel with the review of AusDBF's strategic plan and enterprise risks. It is endorsed and approved by the Board.

Any proposed updates to this guidance will be communicated to the members.