

Risk Appetite Statement for the Australian Breastfeeding Association *

Purpose of this Risk Appetite Statement:

- To set out the level of risk ABA is willing to take/accept to execute its strategy, purpose, goals and objectives (risk and strategy are interconnected), before action is required to reduce the risk
- Provide a balance between the potential benefits of innovation and the threats that come with innovation/change
- Set parameters for management and staff to operate within
- Help management determine whether a matter requires escalation to the Board and how much risk ABA can/should take on
- Formal risk appetite statements are often documented for each key strategic risk area where there might be different tolerances for each (e.g. strategic risks, financial risks, operational risks)
- Guide decisions made by ABA so they are consistent with agreed risk appetite
- Outline the Board's role in setting risk appetite and discussing future risks with management
- Take into account organisational capabilities, the environment, risk capacity and stakeholder expectations

Definitions of different levels of risk appetite:

- **High risk appetite** – a willingness to take significant risks to achieve the outcome (e.g. investment of organisational funds, resources and time), being bold and prepared to fail, as generally the consequences will not have a negative impact (rewards outweigh the risk)
- **Medium risk appetite** – a willingness to take some risk but balancing the benefits of achieving the outcome with the threats of failure, while being somewhat conservative
- **Low risk appetite** - unwilling to accept much risk to achieve the outcome, being much more conservative and less willing to fail, as the threat of failure does not justify the risk
- **Zero risk appetite** - unwilling to accept any level of risk.

ABA's Risk Appetite

Strategic risks

ABA recognises the actual or perceived inability to deliver strategic initiatives could have a significant impact on its ability to achieve its objectives and on its reputation. A framework is in place to ensure these initiatives are prioritised appropriately and are consistently managed and reported on.

ABA has processes in place to mitigate strategic risks which are prioritised through a well-defined framework that involves regular Board and EO communication and reporting.

ABA has a **medium risk appetite** for those strategic risks that will realise its strategic goals and objectives.

Financial risks

ABA assesses its financial risks both from a strategic and operational perspective. ABA always requires a balance between adequate reserves and liquidity and understands it is not always possible to eliminate all risks. ABA will manage associated balance sheet risks to an acceptable level through a framework of policies and financial controls.

ABA has a **low risk appetite** for activities which will put ABA finances at risk.
ABA has a **zero risk appetite** for fraudulent activities and/or any misuse of funding.

Fundraising risks

ABA needs to achieve sustainable growth in public fundraising and non-governmental grants by delivering value-add programs and activities. ABA will mitigate the associated risks by ensuring that fundraising activities are efficient, adhere to ABA's values and ethical fundraising principles, and meet accepted Australian industry standards.

ABA has a **low risk appetite** in identifying and exploring new and innovative ways of unlocking fundraising opportunities within the environment in which it operates.

Innovation risks

ABA embraces innovation and continuous improvement. From its internal operating systems, public engagement activities, advocacy engagement and our program work, ABA strives to be innovative in all aspects of its work.

ABA has a **medium risk appetite** for innovation and the value it can bring to ABA as well as the communities and supporters we serve, but this must be considered together with financial, reputational and compliance risk appetites.

Program risks

ABA delivers counselling, education, community and professional development programs, often in high-risk environments. The risks of failing to act often outweigh the risks of engagement and therefore, program decisions are based on a thorough analysis and application of risk management strategies.

ABA has a **low risk appetite** for actions which may negatively impact or fail to protect, families, the community, staff, volunteers and resources.

Innovation and the testing of new programs and services is key to ensuring high quality, timely and effective service delivery. The risk of occasional failure is accepted, and lessons learnt used to drive continuous improvement.

However, ABA has a **low risk appetite** for failure to deliver on project objectives or service delivery, or failure to meet funding criteria because of factors within our control.

Advocacy risks

ABA approaches the delivery of its programs and services both from strategic (impact and reach) and operational (structure and delivery) perspectives. Advocacy for legislative, policy and attitudinal change is one of ABA's core strengths and it approaches its advocacy activities in accordance with its policies, processes and controls to manage the risks inherent in this activity.

ABA has a **medium risk appetite** in advocating for change across Australia that will seek to establish environments that are fair and equitable for its core client and consumer groups.

Reputational risks

Public scrutiny is an inherent and welcomed component of ABA's activities. ABA aims to be transparent, and informative. ABA will seek to ensure clear and honest communication and appropriate training of staff (particularly those liaising with media/key external stakeholders) to mitigate this risk.

ABA has a **medium/high risk appetite** for activities which will advance ABA's reputation. ABA has a **low risk appetite** for activities that will compromise the ethics, brand or credibility of the organisation.

Compliance risks

ABA is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies, procedures, code of ethics and conduct and sound not-for-profit governance principles. Minor breaches are expected from time to time but will be reported and acted upon. ABA will seek to mitigate compliance risks through adherence to internal policies, procedures and good governance.

ABA overall has a **low risk appetite** for non-compliance.

Human resources risks

ABA’s employees and volunteers are central to the delivery of quality ABA programs and services and the achievement of its vision. It is critical that ABA has suitable people with the right skills, competence, behaviours, ethics and values. In order to attract and retain key talent, ABA will promote feedback, evaluation, communication, adaptation, and professional development of its people.

ABA has a **medium risk appetite** for investment of resources to recruit and retain its employees and volunteers.

Workplace Health and Safety risks

ABA is committed to providing a safe, flexible and respectful environment for staff, volunteers and clients, free from all forms of discrimination, harassment, exploitation and bullying, and where people are protected from physical and psychological harm. The responsibility for maintaining a safe environment is a shared responsibility of all ABA staff, volunteers, and the Board.

ABA has a **zero risk appetite** for non-compliance with WHS and human rights practices, discrimination, abuse or exploitation of any nature to any person that may lead to harm and/or bring ABA into disrepute.

Information technology and privacy risks

ABA requires its information management systems and practices to be adequate and relevant for its intended purpose, within the constraints of limited financial resources. ABA’s internal control processes need to ensure the development of robust technology systems and adequate training of staff and volunteers to mitigate significant and malicious threats to ABA assets, including client and organisational data and privacy.

ABA has a **low risk appetite** for inappropriate systems and processes and **zero risk appetite** for deliberate/preventable privacy breaches and/or misuse of information.

Operational risks

ABA carefully analyses risks in all its operational activities, including ensuring the benefit of risk control measures exceeds their cost. ABA has processes in place and can make resources available to manage operational risks to acceptable levels.

ABA has a **low risk appetite** for operational risks.

SUMMARY

Risk category	Level of risk appetite
Strategic risks	<ul style="list-style-type: none"> medium risk appetite for those strategic risks that will realise its strategic goals and objectives.

Financial risks	<ul style="list-style-type: none"> • low risk appetite for activities which will put ABA finances at risk. • zero risk appetite for fraudulent activities and/or any misuse of funding.
Fundraising risks	<ul style="list-style-type: none"> • low risk appetite in identifying and exploring new and innovative ways of unlocking fundraising opportunities within the environment it operates in.
Innovation risks	<ul style="list-style-type: none"> • medium risk appetite for innovation and the value it will bring to ABA as well as the communities and supporters we serve, but must be considered together with financial, reputational and compliance risk appetites.
Program risks	<ul style="list-style-type: none"> • low risk appetite for actions which may negatively impact or fail to protect, families, the community, staff, volunteers and resources. • low risk appetite for failure to deliver on project objectives or service delivery or meet funding criteria because of factors within our control.
Advocacy risks	<ul style="list-style-type: none"> • medium risk appetite in advocating for change across Australia that will seek to establish environments that are fair and equitable for our core client and consumer groups.
Reputational risks	<ul style="list-style-type: none"> • medium/high risk appetite for activities which will advance ABA's reputation. • low risk appetite for activities that will compromise the ethics, brand or credibility of the organisation.
Compliance risks	<ul style="list-style-type: none"> • low risk appetite for non-compliance.
Human resources risks	<ul style="list-style-type: none"> • medium risk appetite for investment of resources to recruit and retain its employees and volunteers.
Workplace Health and Safety risks	<ul style="list-style-type: none"> • zero risk appetite for non-compliance with WHS and human rights practices, discrimination, abuse and exploitation of any nature to any person that may lead to harm and brings disrepute to ABA.
Information technology and privacy risks	<ul style="list-style-type: none"> • low risk appetite for inappropriate systems and processes • zero risk appetite for deliberate/preventable privacy breaches and/or misuse of information.
Operational risks	<ul style="list-style-type: none"> • low risk appetite for operational risks.

* Adapted from Australian Institute of Company Directors 2021

Review

This Risk Appetite Statement should be reviewed when the strategic plan is updated, and when the industry/context ABA operates within changes, to ensure currency.

Approved by

ABA Board

Revision history

Revision	Date	Description of modifications
V1	23 September 2024	Developed by Board's Risk and Strategy Committee in conjunction with the Executive Officer and national managers.