

Risk appetite statement template

Table for a simple risk appetite statement

The table below can be used to create a simple, concise risk appetite statement. The listed risk types are notable examples of business risk categories, but the list can be

expanded or reduced to match the specific risks faced by an organization. The risks are also listed alphabetically—they can be reordered based on an organization’s risk management priorities.

RISK TYPE	RISK APPETITE LEVEL (LOW, MEDIUM, HIGH)	ALIGNMENT WITH STRATEGIC GOALS
Compliance risk		
Cybersecurity risk		
Financial risk		
Human capital risk		
Legal risk		
Operational risk		
Reputational risk		
Strategic risk		
Supply chain risk		
Technology risk		

SOURCE: CHRIS TOZZI

Outline of a detailed risk appetite statement

This is a sample framework for a longer, more detailed risk appetite statement. Such statements typically are produced as PDFs and include a cover page followed by sections like the ones listed below. Logos, images and other visuals are often included, too. Because there’s no standard risk appetite statement, the outline can be modified to meet an organization’s needs, with more, fewer or different sections.

Table of contents

Many statements have a table of contents that lists the sections they include.

Introduction

This can contain general information about the organization’s risk management program and/or the risk appetite statement. Two to six paragraphs of text might be included here.

Statement of purpose

If not covered in the introduction, this optional section could briefly articulate the risk appetite statement’s objectives in helping the organization to pursue its strategic goals while avoiding risks deemed unacceptable.

Key principles and governance

This can state things such as how the risk appetite statement will be incorporated into decision-making processes, roles and responsibilities for monitoring how it’s applied, and plans for reviewing it.

Risk appetite level definitions

Low: Minimal tolerance for risk that could damage the organization.

Medium: Moderate acceptance of risk when balanced with potential benefits.

High: Greater willingness to accept risk to pursue strategic opportunities.

This defines the appetite levels the organization is using, commonly in a low-medium-high format (as shown above) or a variation on those terms.

Risk appetite statement: Overview

A high-level description of the organization’s risk appetite goes here. For example, the overview could say the organization recognizes that controlled risk-taking is necessary for innovation and growth, list the risk categories covered in the statement, and discuss approaches to managing risk across the domains.

Enterprise risk appetite

RISK TYPE	RISK APPETITE LEVEL (LOW, MEDIUM, HIGH)	ALIGNMENT WITH STRATEGIC GOALS	CONTROLS/METRICS
Compliance risk			
Cybersecurity risk			
Financial risk			
Human capital risk			
Legal risk			
Operational risk			
Reputational risk			
Strategic risk			
Supply chain risk			
Technology risk			

(This is the same table used in the template for the simple statement, with an added column for listing relevant controls or metrics used to manage the different types of risks.)

Alternative risk appetite table for a single risk category

COMPLIANCE RISK
Risk category definition:
Low risk appetite for: <div><div></div><div></div><div></div></div>
Medium risk appetite for: <div><div></div><div></div><div></div></div>
High risk appetite for: <div><div></div><div></div><div></div></div>

(This table could be used instead of the one above to list appetite levels for individual risks in a risk category. It would then be repeated for all the other categories covered by the risk appetite statement.)