

RSL NSW – RISK APPETITE STATEMENT

Purpose

The purpose of this **Risk Appetite Statement** is to establish some broad parameters around the amount and type of risk that RSL NSW is willing to take to meet its strategic and operational objectives. It provides guidance on how to approach the selection, management and treatment of risks that are inherent in delivering its services, when making important decisions and establishing policies and Standard Operating Procedures.

Context

RSL NSW’s purpose is to **support veterans and their families** through access to services that improve their health and wellbeing; assist in transition to civilian life and connection to community and foster camaraderie and commemorate service.

RSL NSW recognises it will face a range of risks as it delivers its services, and transition to an optimised operating model. It recognises its responsibilities to its stakeholders and the need to take a balanced and proactive approach to managing risks. This includes establishing a risk criterion to determine how much risk RSL NSW is prepared to take to achieve its objectives and what is and is not tolerable. This Risk Appetite Statement helps establish the risk criteria to support the taking and management of risk.

Risk Appetite Statement (Summary)

RSL NSW has defined its risk appetite and tolerances for the 5 risk consequence categories described in the **Risk Management Plan and Procedure** that are used to help evaluate risks. Whenever undertaking a risk assessment, please refer to this Risk Appetite Statement to ensure residual risks are managed down to the desired level. Any risk that remains above risk appetite should be referred to the **Chief Executive Officer** for assessment and if it cannot be managed to within appetite, is escalated to the **Board** for consideration and ultimately accepting/rejecting the level of risk.

RISK APPETITE LEVEL	LOW - VERY LOW	MEDIUM	HIGH	VERY HIGH
WHAT IT MEANS	MINIMISE RISKS Risks to be eliminated or controlled to lowest possible level within available resources.	MANAGE RISKS In some circumstances, some moderate risk will remain. These risks should be managed within tolerance levels in the Risk Appetite Statement.	TAKE MORE RISK Some higher levels of risk may be pursued to achieve specific outcomes or when effective controls are not cost/benefit justifiable.	SEEK RISK TO EXPLOITE Higher risks pursued for innovation, large projects, and higher reward opportunities where outcomes cannot be certain, and risks cannot be controlled.
RSL NSW’s RISK APPETITE BY RISK CONSEQUENCE CATEGORY	 People  Governance	 Financial  Services	 Strategy	RSL NSW has no appetite for risks at this level.

Risk Appetite Statement (Detailed)

For use by Directors, Executives and Risk Owners. The parameters of risk tolerance are not exhaustive and aim to guide the Board and management when making important decisions and establishing policy.

Risk Category	Context	Risk Appetite	Risk Tolerance
<p>SERVICES:</p> <p>Provide advocacy, commemoration, and support services</p> 	<p>RSL NSW supports veterans and their families through advocacy, camaraderie, commemoration and connecting veterans to a range of support and welfare services.</p>	<p>MEDIUM</p> <p>Taking some risk to improve advocacy and delivery of veteran support services is encouraged.</p> <p>RSL NSW is willing to take a medium level of risk in instances where it benefits veterans (members and non-members).</p>	<p>RSL NSW will not tolerate:</p> <ul style="list-style-type: none"> - Taking an advocacy position that lacks rigor, not fully informed and is not aligned with RSL NSW's purpose and objectives. - Inadequate consultation or consideration of veterans and key stakeholder's when making critical decisions relating to services. - Any action that is likely to result in key stakeholders loss of confidence in RSL NSW's capabilities or a significant diminution of RSL NSW's reputation. <p>RSL NSW can tolerate:</p> <ul style="list-style-type: none"> - Moderate impacts relating to advocacy initiatives against bad policies impacting veterans. - Moderate impacts to service delivery issues due to new services, new technology or innovation initiatives provided the safety and wellbeing of veterans are minimised. - Moderate impact service interruptions from uncontrollable events of up to 5 days provided we promptly communicate to impacted stakeholders.
<p>PEOPLE:</p> <p>Safety & wellbeing of staff and volunteers</p> 	<p>RSL NSW has a cadre of professional staff to assist veterans navigate the complex veteran support system, and access community and ex-service welfare services.</p>	<p>LOW</p> <p>RSL NSW recognises the duty of care towards employees, volunteers and the public, including during commemorative events.</p> <p>There is a low appetite for taking risks that impact the safety and wellbeing of people.</p>	<p>RSL NSW will not tolerate:</p> <ul style="list-style-type: none"> - Practices and actions that compromise the wellbeing and safety of people and breach WHS/safe work practices or legislation. - Practices and behaviours that are contrary to RSL NSW's values or Code of Conduct such as bullying, harassment, violence, abuse or theft. - Staff performance not in line with expectations. - Any action that will likely lead to a significant diminution of RSL NSW's reputation. <p>RSL NSW can tolerate:</p> <ul style="list-style-type: none"> - Insignificant unforeseen injuries that arise from time to time in the course of undertaking normal activities. - Insignificant issues relating to improving employee/volunteer performance and grievances that can be dealt with through normal internal mechanisms.

Risk Category	Context	Risk Appetite	Risk Tolerance
FINANCIAL: Financial Impacts 	RSL NSW aims to be financially sustainable over the long term.	MEDIUM RSL NSW recognises the financial risks involved in managing assets, undertaking major events and delivering services to enhance the lives of veterans. RSL NSW is willing to take a Medium level of financial risk and must always maintain sound internal controls, prudent financial management practices and consider long term financial sustainability.	RSL NSW will not tolerate: <ul style="list-style-type: none"> - Decisions, actions or inaction that have a material negative impact on cashflow, funding or long-term financial sustainability. - Fraud, corruption, misuse of funds. - Failure to exercise good stewardship of funds for their designated charitable purpose. - Deliberate breach or gross negligence of internal controls, accounting standards, Standard Operating Procedures, financial policies and delegations. - Any action that will likely lead to a significant diminution of RSL NSW's reputation. RSL NSW can tolerate: <ul style="list-style-type: none"> - Moderate financial impacts relating to unforeseen/ unavoidable variations (up to \$5M net asset impact) to better meet stakeholder needs and achieve better outcomes for veterans or long term savings/benefits. - Minor unforeseen/ unavoidable operational budget variations (up to 20% or \$1M P&L impact whichever is greater).
GOVERNANCE: Regulatory, legal & compliance 	Maintain a culture underpinned by values such as openness, transparency, respect and high standards of integrity and ethical behaviour.	LOW RSL NSW recognise the importance of protecting its reputation and minimise compliance and governance risk. There is a low appetite for taking risks that result in breaches of the law, contractual arrangements, internal policies, contravene corporate governance principles or actions that may result in reputational damage.	RSL NSW will not tolerate: <ul style="list-style-type: none"> - Practices that knowingly break the law or breach contracts. - Any instances of unethical and corrupt conduct, abuse of authority or behaviour contrary to the Code of Conduct, Standard Operating Procedures and delegations. - Concealing, not reporting or not escalating critical incidents or governance failures. - Any information security breaches or unauthorised release of confidential information. - Any action that will likely lead to a significant diminution of RSL NSW's reputation. RSL NSW can tolerate: <ul style="list-style-type: none"> - Minor impact breaches that are unforeseen or occur from time-to-time. - Minor temporary noncompliance due to unrealistic regulatory timeframes or associated with a changing regulatory environment. - Minor incidents, concerns, issues and complaints that can be resolved by day-to-day management.
Risk Category	Context	Risk Appetite	Risk Tolerance

STRATEGY:

Modernisation & innovation



RSL NSW's Strategic Plan implementation is fully funded, to include a Program Management Office and a modernised approach to connect with current serving and veteran members.

HIGH

In order to achieve its strategic objectives, RSL NSW will need to modernise and innovate.

RSL NSW is willing to take a high level of risk for strategic initiatives that support long term funding, improve engagement and service delivery.

RSL NSW will not tolerate:

- Complete revision of long-term business strategy and/or business model required due to recklessness, poor strategic management practices or factors that can be reasonably foreseen.
- Total loss of stakeholder/ public confidence that takes many years to repair.
- Actions which lead to an inability to progress RSL NSW's achievement of its charitable purpose.

RSL NSW can tolerate:

- Major instances where several significant and important business objectives experience issues and major delays to strategic plan implementation.
- Major instances where > 50% change in scope, schedule or cost
- Major impact on strategy due to sudden, unforeseeable change in government policy or external environment



R S L N S W

Respecting, supporting and remembering
our veterans and their families

RISK MANAGEMENT POLICY

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1.0 Introduction

RSL NSW exists to ensure that veterans and their families are respected, supported, and remembered. To achieve this purpose, RSL NSW must take some risks. We recognise that large, unmitigated risks can adversely impact our stakeholders, our reputation and our ability to achieve our purpose.

By continually applying risk management thinking, principles and practices across RSL NSW, we aim to strengthen governance, reduce uncertainty, make more informed decisions and protect our stakeholders, to help support the achievement of our strategic, financial and operational objectives.

2.0 Policy Scope

This Policy applies to all RSL NSW activities, operations and programs within ANZAC House and the Hyde Park Inn. It is applicable to employees (permanent, temporary, casual) and volunteers.

RSL NSW may vary or update the information contained in this document and other policies and procedures at its discretion and without the need to provide notice to employees. Every effort will be made to keep employees informed of any changes.

3.0 Purpose

The purpose of this Policy is to clearly communicate RSL NSW's commitment to maintaining an effective and efficient organisation-wide risk management framework to help promote a positive risk taking culture and proactively manage risks across the organisation to support the achievement of the RSL NSW's objectives.

This Policy should be read in conjunction with the Risk Management Plan and Procedure and other RSL NSW policies that complement risk management practices and minimise risks.

This policy is not intended to create any contractually binding obligation on RSL NSW and is not incorporated into any contract of employment or engagement.

4.0 Policy Statement

4.1 Mandate and Commitment

RSL NSW is committed to the formal, structured, and proactive management of risks across the organisation. This includes strategic, financial, regulatory, reputational, and operational risks.

The Board, CEO and Executives will foster an organisational culture where risk management is seen as an enabler, embraced and valued by all our employees, volunteers, and stakeholders.

The risk management approach will be consistent with AS ISO 31000:2018 Risk management – Guidelines and the Three Lines of Defence model.

4.2 Risk Management Framework

The risk management framework includes the set of components that provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing, reporting and continually improving risk management. The risk management framework consists of:

- a) This Policy to commit to formal risk management,
- b) Risk Management Plan and Procedure to communicate the approach and methodology to ensure consistent application of risk management across RSL NSW,

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- c) Risk Appetite Statement to define the risk attitude and risk criteria,
 - d) Risk registers, checklists, risk implications statements and other forms of risk assessments to demonstrate risk thinking when making important decisions, and
 - e) Supporting organisational policies, standard operating procedures, processes, and arrangements that complement risk management, sound governance, and help to embed risk management into day-to-day activities across all RSL NSW activities.

Collectively, the various elements of the framework will help RSL NSW to:

- a) Set 'the tone' for risk management from the top,
- b) Establish clear responsibilities for the identification and management of risk across the three lines of defence,
- c) Promote a more risk aware culture to help achieve important objectives,
- d) Safeguard the League's assets – human, financial, reputation,
- e) Strengthen stakeholder confidence and trust,
- f) Encourage more effective decision making by better considering risk exposures, and
- g) Support the Board, various Committees, CEO and Executive to fulfil their governance obligations under the RSL NSW Constitution, RSL NSW Act 2018 (the Act) and applicable laws.

4.3 Implementing Risk Management

RSL NSW will conduct its activities in a manner that ensures material risks are appropriately identified, analysed, managed and monitored at all levels of the organisation. It is therefore imperative that a strong risk aware culture exists to help implement and maintain a risk management practices that:

- a) Aligns risk management to existing strategic planning and operational processes,
- b) Considers both current and emerging risks,
- c) Allocates sufficient funds, time and resources to risk management activities,
- d) Provides staff and risk owners with appropriate training in risk management,
- e) Encourages and formalises risk thinking when making important decisions,
- f) Assigns clear responsibilities for managing, monitoring, and escalating risk,
- g) Embeds key controls that help to manage risks into day-to-day policies and procedures,
- h) Establishes mechanisms for measuring and reporting risk management performance,
- i) Regularly communicates risk appetite, risk tolerance, risk management policies and plans to employees and relevant stakeholders,
- j) Considers incidents, near incidents and issues as potentially lead indicators of risk,
- k) Considers stakeholders and organisational, human, and cultural factors of RSL NSW, and
- l) Is structured, dynamic, iterative and facilitates continual improvement.

5.0 Procedure

The **RSL NSW Risk Management Plan and Procedure** and Standard Operating Procedures will help support the implementation of this policy.

6.0 Roles and Responsibilities

Whilst the management of risk is everyone's responsibility, clear accountability and ownership of responsibilities are important. In brief, the roles and responsibilities for risk management across the three lines of defence are:

Line of Defence	Roles	Responsibilities
Governing Bodies	RSL NSW Board Audit & Risk Committee	<ul style="list-style-type: none"> Ultimately responsible for the risk management framework and for the oversight of its effective operation. Determining and communicating the risk criteria, risk attitude, nature and boundaries of risk-taking and tolerances it is prepared to take and accept to achieve RSL NSW's objectives. Fully considering risk management matters contained in papers.
First Line	Chief Executive Officer (CEO) Executive Related Entity Executives Risk Owners	<ul style="list-style-type: none"> Leading and creating a sound risk aware culture through regular communication, monitoring and periodic review of risks. Promoting an environment where the understanding of risk, following policy and procedures and reporting issues is accepted as the personal responsibility of all employees and members. Develop and maintain appropriate policies and procedures that help manage risks by design. Identification and management of risk in accordance with the risk management framework. Escalation of material risks, relevant matters, incidents and issues to the CEO or Board, as necessary.
	Employees Volunteers	<ul style="list-style-type: none"> Follow all RSL NSW policies and procedures. Act always in a manner which does not place at risk the health and safety of themselves or any other person in the workplace Taking practical steps to minimise RSL NSW and Related Entities' exposure to risks in so far as is reasonably practicable. Reporting all incidents, risks and issues to their Manager in a timely manner.
Second Line	Chief Financial Officer (CFO) as interim Risk Officer	<ul style="list-style-type: none"> Maintaining the risk management framework, ensuring the framework is implemented in practice and coordinates the processes for the management of risk throughout RSL NSW. Proficient risk management capabilities. Providing risk management advice and support on risk management matters to the Governing Body and First Line.
Third Line	Internal Audit External Audit External Specialists	<ul style="list-style-type: none"> Independent assurance that the risk management framework has been complied with and is operating effectively.

7.0 Contacts

For any queries regarding this policy, please contact RSL NSW's CFO.

8.0 Breach of this Policy

A breach of any of the provisions of this document or any of RSL NSW policies and Procedures can result in disciplinary action.

9.0 Definitions

RSL NSW: Includes ANZAC House and Hyde Park Inn.

Related Entities: Includes sub-branches and entities with common responsible persons to the extent Directors responsibilities and accountabilities apply.

Risk: Effect of uncertainty on objectives.

Risk analysis: Process to comprehend the nature of risk and to determine the level of risk

Risk assessment: Overall process of risk identification, risk analysis and risk evaluation

Risk attitude: Organisation's approach to assess and eventually pursue, retain, take or turn away from risk

Risk criteria: Terms of reference against which the significance of a risk is evaluated

Risk culture: Collection of beliefs, values and behaviours of the people within the organisation that shape risk decisions

Risk evaluation: Process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable

Three lines of defence: A framework that assigns specific duties for risk management across 3 layers and the governing body

10.0 References & Resources

Internal documents related to this policy

RSL NSW Risk Management Plan and Procedure

Standard Operating Procedures (SOPs)

Legislation, Standards, etc related to this policy

AS ISO 31000:2018 Risk management – Guidelines

RSL NSW Constitution

RSL NSW Act 2018 (the Act)

11.0 Document Control

Approved date	Version	Position Responsible	Approved By	Scheduled Review
October 2020	2.0	Chief Financial Officer	Board of Directors	October 2022
November 2018	1.0	Risk & Insurance Manager	State Council	