

Appendix 2 – Risk Appetite Definitions with reporting thresholds February 2020

Definition	Risk Reporting Threshold	Risk Appetite Narrative
Avoid	1	No appetite. Not prepared to take risk.
Adverse	3	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognizing that these will have little or no potential for reward/return.
Cautious	5	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
Moderate	8	Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes.
Open	13	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.
Hungry	16	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.