

RISK APPETITE STATEMENT



| RISK AREA | COMMENT |
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| Strategic | We are conscious of the risks posed by: changes in the financial inclusion sector, arising largely through the introduction of new technologies, that impact our role as an organisation; shifts in Australian government policy toward overseas aid and development; and changes in public perception of and support for charitable institutions. In such an environment, attempting to avoid risk is not a viable option. We must be willing to experiment and adapt. We have no appetite for the risks that come with standing still, and will invest resources to progressively develop new initiatives, capabilities and relationships. We update our overarching strategy every 2-3 years, and conduct annual reviews of performance to ensure our efforts are appropriately directed. |
| Program Delivery | Our role as an non-profit operating in the financial inclusion sector is to innovate, fill the gaps and push the boundaries of what is viable in terms of sustainable service delivery. This requires taking risks. Some initiatives will inevitably fail. We seek to balance higher risk ventures with more established, proven programs, so that we continue to deliver positive impact while adapting and evolving within the changing landscape. We have a Board sub-committee that periodically reviews our program effectiveness. |
| Safety & Security | <p>People: we recognise that we operate in environments that can present safety issues, but within that operating context we seek to minimise risks to staff and beneficiaries. We follow DFAT guidelines regarding countries and locations that are unsafe to travel and work; we ensure that we have appropriate insurances in place; and we have mechanisms in place to protect beneficiaries, particularly women and children, from exploitation and harassment.</p> <p>Data: data security issues inevitably entail cost benefit trade offs. We employ a technology lead whose role is to refine such analyses and manage data security within the organisation, such that we are able to continue operations in a timely manner in case of an incident. We place particular emphasis on maintaining the security of the personal data of supporters.</p> |
| Reputational & Compliance | We pay close attention to our various legal, regulatory and sector compliance responsibilities. We have a compliance adviser that monitors our compliance status and reports to the Board quarterly. This also forms an important element of the CEO's role. Reputational issues are difficult to anticipate or pre-empt. Our ability to operate depends upon the goodwill of our supporters. While partner due diligence and internal controls mitigate risk, the emergence of a reputational issue requires a strong reactive defence. (The recent ABC report on MFI collection practices in Cambodia demonstrated the need for a prompt, authoritative response to clarify our values and record in the field. The statement issued by our CEO had the desired effect). |
| Financial | As an organisation with limited recurrent income that is dependent upon donations and grants, we adopt a conservative approach to financial management. We have processes in place to ensure budget approval and expenditure controls, banking and financial management controls, solvency coverage, and delegated authorities for approving financial commitments and transactions. We have separate Board sub-committees tasked with overseeing finance and audit, and fundraising strategy and effectiveness. We avoid financial exposure in our impact investment and microlending programs, passing on risk of default to lenders/investors. For donated loans that represent our own capital at risk, we make appropriate credit provision in our accounts. |

How we manage risk

- At the core of Good Return's risk management framework is our [risk matrix](#). This ranks the initial likelihood and impact of a given risk, and how our control mechanisms mitigate them. The matrix requires management to assess the impacts of their decisions; not just by reference to law and regulation, but by reference to impacts on all stakeholders. It is reviewed and updated at least quarterly.
- Our appetite for the risks associated with any operational activity declines relative to the probability and potential consequences of any incident arising
- We assess and manage risk on all projects, guided by our project management procedures.
- Our Risk Adviser monitors risk, convenes risk management meetings, and reports to the Board quarterly.