HOSMAK
SOLUTIONS
Govern Smarter. Manage Risk Better.

Risk appetite statement — working template

For firms too small to have a risk function. One session, one page, four positions.

A risk appetite statement exists to make a decision easier to make later, by making it once, in advance, when nobody is under pressure. If yours has never caused anyone to say “we can’t do that,” it is a description rather than a statement.

How to use this template. Book two hours with the three or four people who would have to live with the answers — typically whoever owns operations, technology, and compliance, plus the CEO. Work through the four blocks. Do not open a bank template.

The three parts that make a position operable

1. Position	What you will and will not accept, stated in your own business’s language. “Low appetite for operational risk” is a feeling with a font.
2. Boundary	A number, count, duration or percentage that someone other than you can check. It does not need to be sophisticated. It needs to be measurable.
3. Consequence	What happens when the boundary is crossed: who is told, in what timeframe, and what they must do. Skip this and a breached threshold produces a shrug — which teaches everyone that thresholds do not matter.

A worked example, so the pattern is clear

Risk area	Third-party dependency
Our position	We accept reliance on third parties for non-core capability. We do not accept dependency on a supplier we could not replace, or exit, within a defined period.
Indicator	Number of critical suppliers without a documented exit plan and an identified alternative. Reviewed quarterly.
Boundary	Zero.
If breached	No new critical dependency is contracted until the gap is closed. The COO owns closure within one quarter.
Owner	Chief Operating Officer

Choosing your four areas. Pick from where your exposure actually lives, not from a risk taxonomy — for most firms this size that means technology resilience, information security, third-party dependency, change, regulatory obligations, or AI output. Four to six is proportionate; twelve is a bank’s taxonomy wearing your firm’s name.

Your four positions

One block per risk area. Write in the session, not afterwards — the discussion is where the value is, and a position drafted alone tends to describe rather than constrain.

1 Risk area

Our position *What we will accept, and what we will not. In your own business's words — not “low appetite.”*

Indicator *What we measure, and how often. Must be checkable by someone other than its owner.*

Boundary *The number. Set it just above where you are today, then tighten deliberately.*

If breached *Who is told, within what timeframe, and what they are expected to do.*

Owner *A named person, not a committee or a team.*

2 Risk area

Our position

Indicator

Boundary

If breached

Owner

3 Risk area

Our position

Indicator

Boundary

If breached

Owner

4 Risk area

Our position

Indicator

Boundary

If breached

Owner

Setting boundaries when you have no history

The most common blocker is not knowing what number to write. Start where you are, not where you would like to be: measure current performance for a month or a quarter, set the boundary just above it, and tighten deliberately over time.

Too tight	A boundary set at aspirational performance is breached on day one. Everyone learns to ignore it, and the instrument dies in its first quarter.
Too loose	A boundary you will never cross tells you nothing, and quietly signals that nobody is really looking.
Already breached	If you are outside a boundary when you publish, say so and attach a remediation plan. Boards forgive a known gap with a plan. They do not forgive discovering the statement was aspirational.
Can't measure it	Some things resist measurement. State the qualitative position, say plainly that it is not currently measured, and note how it is overseen instead. That is more credible than a fabricated metric.

Approval and review

An undated statement reads as one nobody owns — the approval date is the first thing an assessor, client reviewer or director checks.

Approved by		**Date**	
Owner		**Next review**	

What to do with it next

1. **Your boundaries are your KRI set.** At this scale you do not need a separate exercise — eight to twelve indicators drawn straight from this page is the entire suite.

2. **Report it on one page, quarterly.** Each position, status against the boundary, direction of travel, and anything breached with its remediation. Directors read that; they do not read twelve pages.

3. **Use it in client questionnaires.** “Here is our approved risk appetite statement, with these indicators reported quarterly” converts a governance question into a piece of evidence — which is what the reviewer on the other side actually needs.