

# Our Requirements

## Risk Management

### Why is this important?

The identification and management of risks are central to achieving our strategic objectives. It protects us against downside risk, enables us to take risks for strategic reward, and improves our resilience against emerging risks.

#### Document control

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## 1. Risk Strategy

- White Rose Loan Processing operates a risk framework based upon ISO 31000.
- The risk strategy is value creation and protection for all stakeholders.
- The level of effort applied should be prioritised commensurate with the level of risk.

## 2. Risk Governance

- Strategic risks and/or all those with an Uncontrolled Risk Rating of C or D are reviewed annually as part of the Director/Founders' cadence.
- Operational risks are to be assessed by the operational staff and reviewed as determined by the participants.
- When a risk is identified to have an Uncontrolled Risk Rating of C or D:
  - Develop controls.
  - Have those controls endorsed by Director.
  - Implement controls.
  - Seek approval from the Director/Founder to continue to operate while implementing the controls.
- Apply the risk process.

## 3. Risk Process

### Understanding the risk process

- Make sure people with relevant subject matter expertise and experience are involved.
- Make sure participants of the risk process have read and acknowledged this document.

### Identify Risk

- Identify risks by considering:
  - What can go wrong and what must go right?
  - Statements in *OR001 Our Charter* and *OR005 Organisational Design*.
  - Internal and external sources of risk.
  - Intended and unintended consequences when introducing change.
  - Current risks and emerging risks.
- Prioritise for assessment and treatment of any risks that can impact the achievement of strategic business objectives (normally those with an Uncontrolled Risk Rating of C or D).

### Assess Risk

- For each identified risk:
  - Use one or more of the endorsed techniques in Appendix 1.
  - When using the bowtie method, determine the Uncontrolled Risk Rating using Appendix 2.
  - Tell the Director/Founder immediately of any newly identified risks with an Uncontrolled Risk Rating of C or D.
  - Review a cadence determined by the participants and update your risk assessment.

### Treat Risk

- For each risk, identify, document, and implement controls.

### Monitor and Review

- For Strategic risks and/or all those risks with an Uncontrolled Risk Rating of C or D, the Director/Founder is to review and update on an annual basis as a minimum.
- For Operational risks and/or those risks with an Uncontrolled Risk Rating of A or B, review and update on a cadence as determined by the participants.

### Communicate

- Tell the Director/Founder immediately of any newly identified risks with an Uncontrolled Risk Rating of C or D.

## 4. Risk Appetite

- Risk ratings of C or D, both Uncontrolled and Controlled, are not within appetite.
- When a risk is identified to have an Uncontrolled Risk Rating of C or D:
  - Develop controls.
  - Have those controls endorsed by Director.
  - Implement controls.
  - Seek approval from the Director/Founder to continue to operate while implementing the controls.



## Appendix 1 – Endorsed Techniques

Technique	Recommended usage	Template / further guidance
<b>Bowtie Analysis</b>	<p>Use to assess risks that have cause and event can be mapped to one another.</p> <p>Typically most useful for people or procedural-based risks.</p>	See Appendix 2
<b>Scenario Analysis</b>	<p>Use to assess risk where possible scenarios can be extrapolated from current circumstances.</p> <p>Typically used where multiple options or possibilities are known but their probability or likelihood is unknown.</p>	No template provided – risk authors to own evidence rationale.
<b>Cost Benefit Analysis</b>	<p>Use to assess risk where total expected costs can be weighed against the expected benefits to choose the best or most profitable option.</p> <p>Typically used to determine whether to pursue a particular course of action or make an investment.</p>	No template provided – risk authors to own evidence rationale.

## Appendix 2 – Bowtie Methodology

### Minimum requirements for Bowtie

Minimum requirements for Bowtie	
Risk Ref	Unique reference number for the risk
Identified	Date risk was identified.
Reviewed	Date of the latest review.
Name	Risk Name/Type
Risk Owner	Identify the individual(s) who own/accept the risk
Risk Event	The “risk” is being assessed. Gives rise to an action or condition; makes something happen, which may result in the Risk Event.
Risk Category	Type of risk
Uncontrolled Risk Rating	A, B, C, or D, assessed from the Risk Rating Matrix *(below)*
Mitigation Activity/Control	An actionable endeavour that protects reduces, limits, or regulates downside risk. An actionable endeavour that enables strategic reward.
Controlled Risk Rating	A, B, C, or D, assessed from the Risk Rating Matrix *(below)*
Implemented	Has the control(s) been implemented, yes or no?

### Risk Rating Matrix

Based on the likelihood and impact of each risk, place each risk into an Uncontrolled Risk Rating category:

			Impact			
			0	1	2	3
			Acceptable	Tolerable	Unacceptable	Intolerable
			Little or No Effect on the Business	Effects are Felt but Not Critical; do not seriously effect the Business	Serious Impact to Course of Action; causes major disruption to Business Outcome	Could result in Disaster; Business may not recover
Likelihood	Improbable	Risk unlikely to occur; small chance of happening	A	B	B	C
	Possible	Risk will likely occur; some chance of happening	A	B	C	D
	Probable	Risk will occur; very likely to happen	B	C	C	D

\*Uncontrolled Risk Rating = the size/measure of the Risk Event before any controls are implemented. Controls should be designed to reduce the likelihood and impact of the Risk Event (or enable the strategic reward in the case of Upside risks).