1 Introduction

A Risk Appetite Statement for the Internet Corporation for Assigned Names and Numbers (ICANN) organization has been developed as one of the key elements of its Risk Management Framework. This document is a summary of the documentation that lead to the development and Board approval of the Risk Appetite Statement. Risk management involves the identification of confidential information about the org and therefore it would not be prudent to publish all of those details. This summary identifies the purpose of a Risk Appetite Statement, defines risk, and sets forth ICANN's overarching Risk Appetite Statement.

2 Risk Appetite Statement Objective

The Risk Appetite Statement articulates the level of risk which ICANN organization is willing to take and retain on a broad level to fulfill its mission.

A Risk Appetite Statement:

- Communicates to personnel that they need to pursue objectives within accepted risk limits.
- Provides input for prioritization for planning and budgeting.
- Guides the Board and in its decision making and can be considered as part of the rationale that accompanies Board resolutions.
- Informs performance management and incentive measurement; guides personnel to make decisions that are aligned to the organizational risk appetite.
- Encourages a risk management, not risk aversion, culture so that risk management is a responsibility shared across the organization and for which all personnel are accountable.
- Enhances ICANN’s reputation by demonstrating that the organization is committed to proactively managing risk.

The types of risk that ICANN org faces are generally subjective in nature and must be interpreted with professional judgement.

The ICANN Board of Directors and ICANN Executive Team require that a robust Risk Management Framework be developed and implemented for ICANN organization. As part of the Target Operating Model for Risk Management, a Risk Appetite Statement is part of a mature framework.

The Board of Directors and Executive Team are responsible for making informed decisions in accordance with the level of acceptable risk. The Risk Appetite Statement specifies the level of risk ICANN org is willing to take and retain, thereby demonstrating the risk appetite of the leadership of ICANN which can then be used to guide the operations of ICANN.

3 Risk Defined
Risk is the possibility of events, conditions, or trends to have an adverse impact on an organization's ability to achieve its mission and strategic plan, and could even prevent an organization from continuing in operation.

An organization creates value by accepting and managing risks to the mission and vision, not necessarily eliminating all risks. Eliminating all risks would paralyze any organization.

Consistent with standard risk management practices, ICANN org considers three factors when evaluating risks. Risks have an important degree of uncertainty for any or all of these factors.

1. Likelihood: How likely is the event to occur?
2. Severity of Impact: If the event occurs (or is occurring), the impact of the risk occurring may be financial or subjective or both.
3. Control Effectiveness: How effective are our controls and mitigations? Controls prevent or greatly limit the extent of an event. If the event occurs, mitigation offsets or minimizes the impact.

The risk measurement before applying controls and mitigation is called the Inherent Risk. The risk measurement after applying controls and mitigation is called Residual Risk.

In this Risk Appetite Statement, "risk appetite" refers to the Residual Risk. Respectively, the level of risk that currently exists and how much risk an organization is willing to take and retain.

The recommended action for each risk category is to Accept, Reduce, or Increase exposure to a risk. If the recommendation is to reduce risk exposure after applying controls and mitigations, then the org should have a plan to affect that reduction of risk.

4 Risk Appetite Statement

"ICANN's overall risk appetite is low to medium. As a nonprofit, public benefit, mission-driven organization supporting the security, stability, and resiliency of the Internet, ICANN operates within a low risk appetite for risks directly related to its critical mission. ICANN has a low or medium risk appetite for risks related to operating the ICANN organization as it balances its operations with the resources required to manage the associated risks."