

The City's Risk Profile at Year-End 2023

The City's Risk Profile remains mostly stable when compared to earlier in 2023 with a couple of key changes. The Legal Risk has decreased, while certain pressures continue to present challenges on The City's top, most strategic risks to the organization. This information is provided to the Audit Committee to support strategic discussions and decision making. Further, looking at the risk profile for the organization as a whole allows senior leadership to explore interdependencies between the Principal Corporate Risks (PCRs). Further we can use strategic foresight to complement our risk management practices (as seen in Appendix 5). By exploring the PCRs collectively, we can better set ourselves up to take optimal amount of risk where opportunities are pursued, avoid or minimize undesirable outcomes, and explore upside risks.

This update includes an integrated view of The City's top risks, including any changes in the ratings, as well as risk-specific information and the results of the 2023 year-end cross corporate risk review.

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Part 1: Environmental Scan

By monitoring and managing pressures and challenges that affect The City's risks, we are better able to avoid undesirable impacts and capitalize on opportunities as they present themselves while continuing to focus on delivering services to Calgarians. While each of these pressures can result in challenges for the organization, the combination of growth, cost volatility, and public expectations require long-term strategic responses as they are related to complex, lasting risks.

External Pressures

These pressures and challenges are interrelated in a complex system. They put increased strain on the organization and our risk management practices. By proactively monitoring the external pressures and local challenges The City can better adjust and refine risk treatments and response plans accordingly.

The following external pressures present local challenges and impacts to the organization:

External Pressures	Local Challenges
• Economic conditions / inflation • Labour and supply shortages • Growth • Climate change • Geopolitical conflicts • Increase in cyber-attack sophistication • Technology advancement • Changes to regulations / requirements • Increase in service demand • Changing public expectations	• Funding availability • Corporate capacity • Supply disruptions • Social concerns • Affordability concerns • Public safety • Service delivery (including capital projects and operations)

For detailed descriptions of the external pressures, please refer to [Appendix 1](#)

Internal Pressures

Our corporate risk review identified the following two significant internal pressures that require attention as the issues are fundamental to The City achieving results:

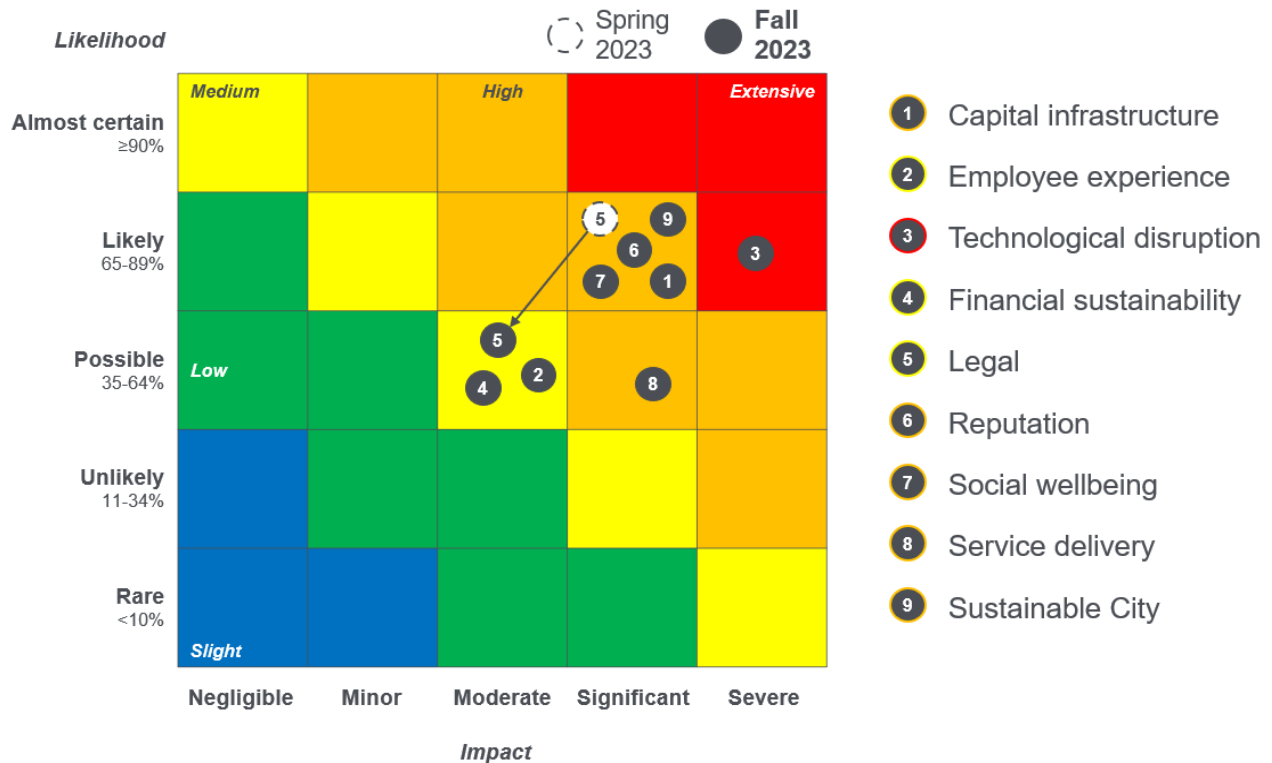
- 1) Governance and accountability – Services noted that there are internal governance challenges related to role clarity and accountability structures. This is impacting our internal processes and putting pressure on our capacity and service delivery.
- 2) Recruitment and retention – The City continues to face challenges in recruitment and retention due to a competitive labour market, increased expectations from job seekers (such as pay and work-life balance), internal staff movements and retirements.

The pressures identified through our environmental scan can affect The City's Principal Corporate Risks (PCR) – the top, most strategic risks to the organization. A PCR can impact the organization as a whole and can affect our ability to meet our strategic objectives. As an organization we monitor and respond to both internal and external pressures that impact our risk exposure.

Part 2: The City's Risk Profile Overview

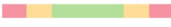
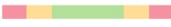
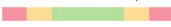
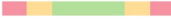
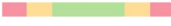
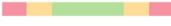
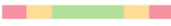
Figure 1 presents the rating of each of the eight PCRs, as made up by their likelihood and potential impact.

Figure 1: The City's Principal Corporate Risk Ratings



PCR	Changes in rating	Justification
Legal Risk	Rating: from High to Medium	While risk landscape is dynamic, controls have focused on consistent engagement and communication, as well as strategically utilizing expertise. These have been demonstrated to be effective.

Figure 2: Principal Corporate Risks Dashboard as of 2023 December 11

Principal Corporate Risk	Residual Risk Rating (July 2023)	Current Residual Risk Rating (December 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Capital Infrastructure Risk			On Track	→	Monitor 	
Employee Experience Risk			On Track	↑	Monitor 	
Technological Disruption Risk			On Track	↑	Monitor 	
Financial Sustainability Risk			On Track	↑	Maintain 	
Legal Risk			On Track	→	Maintain 	
Reputation Risk			On Track	→	Maintain 	
Social Wellbeing Risk			On Track	↑	Monitor 	
Service Delivery Risk			In Progress	↑	Monitor 	
Sustainable City Risk			In Progress	→	Monitor 	
Legend	 Slight  Low  Medium  High  Extensive		On Track - All risk responses are on track. In Progress - Some risk responses are delayed In Development - Risk responses are under development	↓ Decreasing → Stable ↑ Increasing	Maintain - within risk appetite Monitor - within risk tolerance Reduce - above risk appetite and tolerance Full definitions in Appendix 3	 Slight  Low  Medium  High  Extensive

Notes:

- The dashboard was populated from information collected from a variety of sources: The year-end Corporate Risk Review process, a review of The City's response strategies and from other risk reporting at The City; the year end Corporate Risk Review is itself informed by the service risk registers, Corporate Operating Risks, and PCR specific updates.
- Risk definitions are tabulated in [Appendix 2](#).
- The residual risk ratings trend is available in [Appendix 4](#) for reference.
- The 5x5 Risk Matrix is available in [Appendix 6](#) for reference.

Part 3: The Principal Corporate Risks (alphabetical listing)

Principal Corporate Risk and Risk Owner	Residual Risk Rating (July 2023)	Current Residual Risk Rating (December 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Capital Infrastructure Risk GM, Infrastructure Services			On Track	→	Monitor	

Risk Rating

The risk rating is at “High” and has remained stable in 2023.

Uncertainties related to capital infrastructure, supply chain, and procuring contracts

There is a trend that capital project bids are being awarded above their class 1 cost estimates which means that less capital can be delivered with the same amount of funds over time. An example of the type of projects currently experiencing varying degrees of cost escalations include a multi-use facility with amenities such as fire stations, libraries, non-market housing, recreation facilities, partner projects, and Transit asset replacements.

As Calgary continues to grow, The City needs to keep identifying how it is going to manage the increasing infrastructure gap and maintain its critical assets and infrastructure. Challenges in delivering capital infrastructure and closing the infrastructure gap are attributed to macroeconomic pressures such as inflation, global supply chain bottlenecks, and more particularly, industry labour shortages. While the labour force of the construction industry in the Calgary Census Metropolitan Area grew year-over-year by 16 per cent (2023 July), the Calgary Construction Association estimates that there are still between 2,500 to 4,000 vacant positions within the workforce, and this number continues to rise.

In addition, some services noted budget constraints amid increased service demands. Aging infrastructure exacerbates other risk drivers that contribute to The City’s resilience and ability to plan and respond to natural disasters and other emergencies. Other risks included potential for downloading costs and responsibilities from the Provincial government.

The City is continuing to monitor and review this risk regularly. We are using forecasting, prioritization, and advocacy to address this risk as well.

Key Risk Measure

Capital Estimates versus bid amount.	As of October 2023, on average, capital project bids are being awarded at approximately 20 per cent above their class 1 cost estimates which have an expected accuracy range/variance of ±10 per cent (Total estimates: \$162,641,840 and Total Bid Amount Awarded \$195,373,942 distributed amongst
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	39 projects). This implies that fewer capital projects can be delivered with the same amount of funds over time.
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Risk Response

Current

- Detailed reports on key commodity trends and forecasts, which may augment existing construction planning and management processes.
- Council's approved Capital Cost Escalation investment at November 2023 budget deliberations responds to cost escalations in a timely manner.
- Developing a long-term Corporate Supply Chain Resilience Strategy (Supply Chain Management Team) to continuously detect and manage corporate supply chain impacts before they happen, identify the City's supply chain risk exposure, and execute a proactive action plan.
- Supporting Supply Management in developing standard tools (i.e., Special Conditions, RFSO (Request For Standing Offers)) and guidance into contract special conditions.
- Identifying opportunities to reduce costs for capital projects that are underway.
- Ensuring that projects and procurement are appropriately planned, prioritized, scheduled, and deferred as required.
- Assessing and monitoring asset condition regularly to better inform asset lifecycle management, maintenance and sustenance plans and strategies.
- Continuing to advocate and implement funding strategy to campaign for funding sources from other orders of government or other potential partners.

Upcoming

- Develop a plan or strategy to improve the accuracy of cost estimation by City employees.
- Identify alternate funding sources for unfunded/underfunded projects.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (July 2023)	Current Residual Risk Rating (December 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Employee Experience and Technological Disruption Risk GM, People, Innovation & Collaboration Services						
Employee Experience risk			On Track	↑	Monitor	
Technological Disruption risk			On Track	↑	Monitor	
Employee Experience risk Risk Rating The risk rating has remained stable, and the trend has remained at “Increasing” during 2023. Uncertainty related to recruitment, retention, safety, and engagement Employee experience is a multifaceted risk which requires a cross-organization approach across a multitude of fronts. This includes actively tracking hard to hire/retain positions; offering training, education, and support on key aspects of employee experience; fostering a physical and psychological safe workplace; supporting employees who are exposed to increased frequency and severity of hateful comments online; and ensuring we learn from and address the trauma experienced by racialized staff both as employees and members of the community. When it comes to employee engagement, hiring and retention of key positions is challenging, potentially exacerbating this risk in acute areas throughout the organization. Employees are managing internal demands including increasing pace of change. External factors, including international conflicts, respiratory illnesses, social disorder, and hate toward equity deserving groups may impact employee health, safety, and wellness. Indigenous, Black, Racialized, and diverse staff may face psychological challenges due to racial trauma, racial discrimination and systemic racism which may affect their psychological health. Services noted that some areas are struggling to retain employees, especially specialized staff or staff with critical skillsets/certifications and there are concerns of knowledge or skills/expertise gaps in some areas. There is also a trend towards an increase in expectations from employees and job seekers for flexible work options. The City is actively using its internal levers (temporary assignments, succession planning, and training/development) as well as developing postings that target an expanded audience to respond to this risk.						

Key Risk Measure

Lost time claim frequency	This is a corporate metric, measured in terms of the number of hours lost per year per employee. Lost time claim frequency increased from 5.3 in 2022 to 5.7 in 2023 mid-year. Final measures for 2023 are still being collected.
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Risk Response

Current

- Providing education, training and support on restorative workplace practices, human rights, vicarious trauma, psychological safety and other key areas of the employee experience.
- Addressing employee injuries, sickness, productivity losses and costs due to working injury and absenteeism to improve the employee experience and the safety culture.
- Improving the Safety Management System to support employees and leaders to report and respond to safety risks and occurrences more fulsomely.
- Implementing the Equity, Diversity, Inclusion & Belonging Framework & Strategy.
- Training and providing support to employees that may receive hateful content (Social Media, Research, Public Engagement) and developing processes to accurately reflect public discourse without amplifying hate speech.
- Developing recommendations that create racially responsive safe spaces to decrease the impacts of racial trauma and developing a safety plan that supports Indigenous, Black, and diverse Racialized staff who have lived and living experiences with racial trauma.
- Continued focus on Employer of Choice initiatives.

Upcoming

- Refresh the Employee Value Proposition and other strategic tools to remain competitive in the job market for hard to retain and hire positions.
- Communicating the results of, and recommending actions in response to, the Corporate Employee and Speaking Up surveys to leverage insights on how to improve the employee experience at The City.
- Educating employees on how to manage Racial Trauma in the workplace.
- Creating a set of strategies and actions aimed at reducing and preventing hate-based behaviors, attitudes, and incidents within the community and our organization.
- Enhance racially responsive mental health support by continuing to work with our Employee & Family Assistance Program (EFAP) provider to advocate for increased racially informed services for Indigenous, Black and diverse Racialized employees.

Technological Disruption risk

Risk Rating

The risk rating has remained stable, and the trend has remained at “Increasing” during 2023.

Uncertainty related to cyber-attacks and technology availability and operations

The global sophistication, severity and frequency of cyber-attacks and other technological disruption increased at an exponential rate. While strategies and resources are in place to protect infrastructure and educate employees, cyber

threats change rapidly and a single click on a malicious link can introduce disruption to operations by negatively impacting our technology environment. In addition, hiring and retention of key positions is challenging, potentially exacerbating risk.

The City's response to technological disruption requires a cross-organizational approach including monitoring, detection, avoidance and mitigation of potential risks. As the demand for customized and interconnected systems rises, it is crucial to educate employees about the importance of regular upgrades and avoiding actions that might introduce risk. This will help in proactively detecting and mitigating risks.

Several services identified risks related to maintaining and access to information. Risks related to cyber security were also highlighted. Services also noted progress in reducing technology-related risks.

Key Risk Measure

Threat protection for email	Between 2023 January 1 and September 1, approximately 55 per cent of emails have been blocked due to potential threats to City information.
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Risk Response

Current

- Continue tracking, analyzing, and mitigating known cyber threats.
- Completing existing cyber security updates on devices, including reminders to City employees who have not completed updates to increase compliance.
- Cyber security training to increase employee understanding and compliance with best practices.

Upcoming

- Continue tracking, analyzing and mitigating cyber threats.
- Continuously initiate cyber security updates on devices, including reminders to City employees who have not completed updates to increase compliance.
- Deliver cyber security training to increase employee understanding and compliance with best practices.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (July 2023)	Current Residual Risk Rating (December 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Financial Sustainability Risk GM, Corporate Planning & Financial Services			On Track	↑	Maintain	

Risk Rating

The risk rating is at “Medium”, and the risk trend has remained “Increasing” in 2023.

Uncertainty related to managing the organization's finances

Financial sustainability for The City of Calgary means having the capacity to earn revenue or get a return on investment that covers its expenses in the short, medium, and longer term. Further, being financially sustainable means The City is prepared for financial challenges and opportunities in future years and can maintain strong financial capacity.

The City faces risk pressure from economic volatility due to current macroeconomic conditions, including exposure to pressures related to inflation, cost fluctuations, and the ability to procure materials in a timely fashion due to supply chain disruptions. At the same time, The City has specific financial uncertainties due to our reliance on the provincial and federal government for funding particularly for capital projects. The City is considering alternative sources of funding and financing to help mitigate this risk. If The City is unable to obtain this funding (or the funding framework is significantly changed), including long-term capital funding beyond 2024-2025 for the Local Government Fiscal Framework, financial risks could materialize which may impact The City's service delivery. Council also approved a three-year plan to better balance taxes between business owners and homeowners, moving us closer to other big cities in Canada, which all have a lower tax responsibility for businesses. Using sound financial management, Council leveraged the projected positive operating variance, prudent use of reserves, investment income and other non-tax sources to partially offset the tax increase and put forward capital dollars to get projects done that Calgarians rely on. Though the recent investments will help The City deliver the excellent services that citizens have been asking for, there are challenges that lie ahead. Due to significant annual population growth and other factors, there will be pressures on The City's capital budget in the years ahead. The capital budget pays for assets that provide the services Calgarians rely on, including maintenance of current infrastructure, upgrades to existing community infrastructure, new infrastructure to provide services to areas that are underserved, and new infrastructure for growing areas of Calgary. The current debt forecast indicates that the debt will peak in 2029. The City's financing constraints are subject to significant internal pressures such as the timing of Green Line debt as well as external pressures such as an elevated interest rate environment and debt pricing increases from the Province of Alberta.

Services noted market volatility, an inability to procure items and contracts, and increased costs as well as operating budget constraints and risk to The City's ability to generate revenue. Monitoring, reporting, reviewing as well as adjust processes and approaches when needed.

Key Risk Measures

Inflation rate	Inflation is forecasted to continue to decrease in the latter part of 2023. Though certain costs relevant to The City, particularly related to construction, are expected to increase.
Credit Rating	The City's credit metrics with external credit rating agencies will continue to be under pressure from 2025 to 2027 due to higher levels of debt relative to operating revenues and the higher level of capital expenditures relative to total revenues. Despite this, the limits are expected to be stable as a result of increased revenue during this time.
Debt Limits	Debt and debt service relative to debt limits are expected to remain relatively stable between 2024-2029 and below the debt limits set by Council. The estimated timing and magnitude of the Green Line debt could reduce these margins beginning in 2030 (debt limit) and 2031(debt service limit). However, the debt service limit is expected to rise on an interim basis to approximately \$1.17 billion in 2031 (prior to the receipt of all Green Line grant funding) based on current projections. This forecast is still below the debt service limit set by Council.

Risk Response

Current:

- The City's 2021-2032 Long Range Financial Plan includes our approach to financial sustainability and resilience.
- The City is implementing strategies and tactics from the Long-Range Financial Plan in Administration's preparation of both the four-year service plan and budget, and annual adjustments.
- Administration highlighted risk response strategies related to the funding gap in the report, Municipal Fiscal Gap (2023 September 19). The proposal is to continue to work together on closing the gap using our existing tools, work on what the next steps would be for the shortlisted opportunities, to more fully understand how this can best fit within the decisions that need to be made.
- The City sought provincial and federal support to help with the financial impacts of the pandemic as well as The City's limited operating expenditures resulting in expenditure growth that is less than population and inflation growth over the past five years.

Upcoming

- Managing service changes in line with financial capacity while seeking improvements.
- Exploring additional revenue opportunities and advocacy.
- Leveraging unfilled vacancies to sustain financial capacity.
- Using reserves where prudent.
- Making appropriate changes to the level of capital investment. In addition, Council will need to continue considering property tax increases that keep pace with population and inflation growth.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (July 2023)	Current Residual Risk Rating (December 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Legal Risk City Solicitor & General Counsel			On Track	→	Maintain	

Risk Rating

The risk rating has decreased from “High” in 2023 July to “Medium”.

While risk landscape is dynamic, controls have been demonstrated to be effective. Also, there is a decrease in the frequency of legal risks being identified in our bottom-up analysis of Service risks.

Uncertainty related to compliance with external regulations and internal policies, and litigation

The current political, and societal landscape continues to generate new and more complex business and legal issues facing the corporation. It is necessary to ensure the appropriate resources are in place to effectively identify, respond to and manage these risks. Additionally, given the ongoing increase of misinformation in the public realm and seemingly elevated public tension across Canada, The City’s historic approach to reconciling divergent views and finding common ground between opposing groups may no longer be as attainable as it once was, leading to an increase in formal legal matters.

This increased volume, velocity and complexity of business and legal issues require individuals with appropriate expertise to identify matters of concern, identify when to involve supporting services (such as Legal Services) and lead the matter to resolution. In themselves, these matters create legal risk, which is acceptable provided any risk taking is informed, intentional and within corporate risk tolerance. Although matters are often escalated to Legal Services in the ordinary course, some are not and legal risk emerges unintentionally, creating legal, financial and reputational risk.

Services indicated some challenges related to changing legislation and our ability to remain aligned with the demands of evolving regulations. In response, Services noted there are operational controls and site reviews, as well as building up staff awareness and knowledge as needed.

Key Risk Measures

Trends in legal proceedings involving The City	Large, complex claims remain stable to The City
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Risk Response

Current

- Continuing to communicate, inform and interact with customers about the importance of engaging Legal Services early and often.
- Utilizing technology to develop transparency and reporting of legal activity.

- Exploring, implementing, and managing technology-based solutions for legal instructions, legal efficiency and customer self-service (e.g., e-signatures).
- Supporting a high performing corporate team that understands risk-based decision making within corporate risk tolerance.

Upcoming

- Define legal risk appetite at organization wide level.
- Prioritizing and focusing resources on risk management activities.
- Assess legal risk using a robust framework informed by data and scenario planning to ensure legal risk is being managed within corporate risk tolerance.
- Continue to build strong cross corporate relationships to improve overall risk understanding and align approach.
- Promote the continued attendance and involvement of City Solicitor & General Counsel and members of Legal Services in governance/decision making meetings (Council, ELT, SMT, CMT).
- Review the data to identify trends and drivers around legal risk.
- Staff cross training.
- Continue to prioritize corporate focus on risk tolerance.
- Support Corporate communication strategies.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (July 2023)	Current Residual Risk Rating (December 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Reputation Risk Chief Administrative Officer			On Track	→	Maintain	

Risk Rating

The risk rating is at “High” and has remained stable in 2023.

Uncertainty related to community and public relations

There are multiple dimensions to The City’s reputation including its reputation as an employer, as a service provider to residents and businesses, as a customer to lenders and suppliers, and finally, as a partner with other orders of government, regional neighbours, and non-governmental organizations. Building a positive reputation involves effectively managing these relationships and especially the relationship with both residents and businesses, as well as the relationship between Administration and Council as they work together to improve the lives of all Calgarians.

There is a relationship between reputation and trust as reputation is linked to what people believe about the organization based on personal interactions, relationships, and observations. Meanwhile, trust is what people expect of the organization. Trust centers on how the organization and its employees behave that leads to expectations about behaviour in the future. Reputation also depends on The City’s effectiveness in managing new and emerging issues and other corporate risks. Research suggests that what residents and businesses want most is to trust that their municipal government will be supportive of their community, transparent, and spend responsibly. They want efficient interactions – hassle free transactions with minimum red tape and delay, timely services that meets their needs, infrastructure that is safe and well-maintained, and clean, safe, livable communities. In short, they want value from local government, and want to able to trust they will get that value.

Services indicated some risk to meeting Calgarians’ expectations as expectations themselves can be volatile as well as the potential for misalignment with other orders of government. In response, services noted they are adjusting internal processes as well as a focus on advocacy.

Key Risk Measures

Calgarian’s trust in The City	Based on the 2023 Fall Survey of Calgarians, 46 per cent of Calgarians trust The City, which continues to remain essentially unchanged over the past couple years with results tracking within the survey’s margin of error.
Calgarians’ perception with how Administration and Council run The City	Recent results represent a statistically significant drop in Calgarian’s perceptions on how Administration and Council run The City (from 71 per cent Satisfied in the Spring to 62 per cent in the Fall) in the Survey of Calgarians. Key driver analysis indicates that this metric is the top driver for trust in The City. The change in

	perception reflects other survey data indicating Calgarians' continuing concerns with the economy, affordable housing, and public safety.
Calgarians' with positive perceptions of the value of property taxes	The perceived value of taxes shifted from 52 per cent of Calgarians with positive perceptions for the value of property taxes to 50 per cent and continues to be relatively stable with variability of results within the poll's margin of error of plus or minus 2.5 per cent.

Risk Response

Current

- Coordination and advocacy with key interested parties: coordinating access to other orders of government for City priorities. Facilitate inter-municipality collaboration with civic partners, business and community leaders, and Elected Officials to advance regional priorities. Leveraging opportunities where appropriate.
- Research and strategic analysis: ongoing perception surveys are conducted to better understand drivers of trust and perceptions of reputation and align communications accordingly. Strategic analysis of issues and opportunities is ongoing.
- Rethink to Thrive/Employer of Choice: improving role clarity for decision making and supporting leaders and psychological safety.
- Continue to attract and retain top talent.
- Growing mistrust and increased scrutiny of our municipal government, bolstered by increasingly negative views of outspoken groups necessitates continuous enforcement of the new Safe and Inclusive Access Bylaw. This Bylaw helps to strike a balance between respecting the right to protest and The City providing safe access to public services.
- In response to social unrest and public safety concerns at Olympic Plaza in the downtown corridor, The City deployed the Public Safety Task Force to ensure the safety of Calgarians, businesses and services particularly in the downtown corridor.

Upcoming

- Will enact a greater emphasis on public education and communication with a focus on equity, diversity, and inclusion, as well as continued promotion of The City's anti-racism strategy.
- Administration will work closely with other local organizations and orders of government to support affordable housing, poverty reduction, food insecurity, addiction, and mental health challenges.
- On-going relationship management and engagement with key interested parties and partners as including our Indigenous partners, civic partners, local executive level business leaders, Elected Officials in other municipalities as well as improving collaboration across and within the organization.
- Administration continues to focus on supporting businesses through the ongoing work of the Business and Local Economy group. Enabling entrepreneurs and investors to start, grow, and expand business will help build reputation and trust with businesses and residents across Calgary.
- Using key drivers of trust, work to build strategies and plans that foster the values of collaboration, transparency, openness, and giving residents opportunities to offer input and celebrate the successes of service excellence. Enhance our strategic communications to apprise Calgarians of the services it delivers and the initiatives it is undertaking to provide accessible and equitable communications to all Calgarians.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (July 2023)	Current Residual Risk Rating (December 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Service Delivery Risk GM, Operational Services			In Progress	↑	Monitor	

Risk Rating

The risk rating is at “High” and has remained at “Increasing” in 2023. The trend has changed to “Increasing” from “Stable” in 2023 July.

Trend changed from stable to increasing as there are increased pressures from external sources, such as supply chain, public safety, and social and economic pressures, as well as internal sources, such as capacity constraints, potential labour action, and ambiguity in accountability and role clarity.

Uncertainty related to delivering our services

A range of existing and emerging trends present several risks to service delivery. The continued impacts of supply chain issues as a result of the pandemic and other cascading global events on certain services’ revenue or demands continues to magnify the impact of other service interruptions and delays. The impact of working in a functional model continues to create challenges to ensure clarity and accountability of the reporting structure to the inability to prioritize integration between departments and supporting staff through transition will be critical. Imminent risks include:

- High rate of retirements, challenges attracting, retaining, and developing people and critical skills to compensate for retirements and loss of skilled employees.
- Constrained funding that does not keep pace with growth or lifecycle needs, leading to reduced service levels or asset conditions.
- Remote work and growing demand for digital personalized services have altered how Calgarians see services and how City staff provide them.

Services indicated risks related to interruptions to operations alongside increasing and changing demands. In response services are adjusting capacity and priorities when possible as well as developing staff and overall resilience.

Key Risk Measures

Public transit ridership	Usage for Public Transit is currently at approximately 96 per cent of pre-COVID levels, up from 85 per cent during our risk update in 2023 July.
Parking transactions	Parking transactions are at approximately 90 per cent of pre-pandemic levels which has increased from 83 per cent during our last risk update in 2023 July.

Risk Response

Current

- Workforce: working with Human Resources to develop strategies to address current and emerging workforce challenges (e.g., attract, retain, and develop), and foster a culture to improve physical and psychological safety.
- Assets and Infrastructure: work with Infrastructure Services to better understand the investment outlook for capital repairs and asset renewal; and within the department encourage data-driven decision-making on budget allocations and infrastructure planning.
 - Coordinate access to our in-service infrastructure (for projects, events) to ensure reliable service can be provided.
- Quality of City services and Demand for services: monitor service demand and proactively manage customer expectations by exploring a consistent framework for customer experience across front-facing services.

Upcoming

- Workforce: will monitor and adjust services to accommodate changes to ensure optimal staffing levels and minimize revenue shortfalls.
 - Equity, Diversity, Inclusion and Belonging Framework rolled out with specific actions to support the workforce.
 - Hire psychological safety specialist position, first of its kind, in the City to help mitigate some of the workforce challenges, the negative public interactions and create a support for employees.
- Asset and Infrastructure: implement a range of climate change actions to build climate resilience into decision-making, implement measures to mitigate future climate disasters, and pilot alternative fuel vehicles to reduce emissions.
 - Other strategies include ongoing monitoring of infrastructure status, inspections and assessments, as well as data analysis for capital investment planning and implementation of green fleet strategies.
- Quality of City services and Demand for services: exploring and implementing a range of actions to address supply chain disruptions where possible, including exploring new local markets, and implementing process changes.
 - Dedicate staff in each department to maximize the benefits from departmental or service oversight of workforce strategies to enable a corporate view of the service risk and collectively mitigate.
 - Dedicate staff to oversee a centralized departmental planning function to manage overall risk through service quality and demand.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (July 2023)	Current Residual Risk Rating (December 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Social Wellbeing Risk GM, Community Services			On Track	↑	Monitor	

Risk Rating

The risk rating is at “High”, and the risk trend has remained at “Increasing” in 2023.

Uncertainty related to social inequity and social programs

The complexity and magnitude of Calgarians' social needs are impacted by changes in various social and economic factors which can negatively impact social wellbeing, along with the capacity and effectiveness of both The City and our partners in responding. This risk is exacerbated by an increase in costs of living. Sustained high inflation remains a significant pressure for individuals and families, especially those living on fixed or low incomes. The headline consumer price index (CPI) softened to 4.4 per cent in September, down slightly from 4.8 per cent in August. August saw a spike in inflation as electricity costs elevated while government rebates ended, and September saw the continued effect of high electricity prices, though they are starting to come off record highs.

The City continues to monitor and analyze wellbeing and safety issues; to develop, implement and invest in strategies that focus on prevention and improving social conditions impacting quality of life, access to opportunities, and inclusion in society; and to provide services and front-line response that support social wellbeing, in particular for Calgarians experiencing vulnerabilities.

Services indicated risks related to Indigenous relations and providing services to other equity-deserving groups, and public safety, as well as pressures on the organization to meet the needs of people in Calgary. Also, risks were identified related to capacity and constraints on our partners. Services noted they are focusing on coordination with interested parties and partners, updating relevant plans, and enhancing our data and tools to manage these risks.

Key Risk Measures

Inflation and Food Insecurity	In Calgary elevated interest rates have started to impact overall inflation with the rising cost related to housing affordability as rent rates and mortgage carrying costs increase. This adds pressure to those who visit the site Access to Food Resource Website which continued to climb, hitting almost 460,000 by 2023 August.
Mental Health and Substance Use Disorder	Mental health and substance use issues continue to impact Calgarians, with both the number and proportion of related calls to the Distress Centre's 211 support line increasing over time, though both saw a small decline in Q2 over Q1 this

	year. There were still over 2,400 calls related to mental health and substance use in Q2.
Social Disorder Calls: Calgary Transit	There has been an increasing trend in Transit system social disorder calls over the past few years – and while 2022 saw about 35,000 calls, down from close to 39,000 in 2021, incidents remain elevated over pre-pandemic levels. For 2023 to date, there has been an increase of 11 per cent over the same period in 2022. It should be noted though that ridership has also increased, and these trends will continue to be monitored as they relate to the safety aspects of social wellbeing for Calgarians.

Risk Response

Current

- Enhancing coordination of public safety as a priority to build on initiatives underway across the corporation, strengthen relationships and partnerships, focus on both immediate actions and long-term strategies, and provide reporting on progress.
- Implementing actions in Home is Here: The City of Calgary's Housing Strategy approved by Council in 2023 September, including increasing housing supply, supporting affordable housing providers, enabling The City's housing subsidies, ensuring diverse housing choice, and addressing the housing needs of Indigenous people living in Calgary.
- Implementing the Public Transit Safety Strategy approved by Council in 2023 October, focusing on integrated response, connection of people to community resources, staff well-being, system modernization, and station infrastructure enhancements, continued action on earlier funding for immediate safety improvements (additional peace officers, security guards, community outreach workers, technology improvements, enhanced cleaning, and more).
- Continuing to focus on safety and access in the downtown, including working with partners, pursuing Crime Prevention Through Environmental Design (CPTED) assessments, providing funding for Ambassador programs to support businesses, and focusing on activation to draw more people into parks and downtown spaces.
- Continuing to offer Fair Entry to support access to City programs and services and applying affordability as a lens across service lines to identify opportunities to reduce barriers to access.
- Continuing to offer Crisis Intervention Specialists to support Calgarians who present to The City in crisis with connection to appropriate resources and services.
- Continuing to deliver social programs and supports that contribute to social wellbeing, reducing barriers to participation in civic life.
- Improving our organizational understanding and removing barriers to programs and services through the work of our Anti-Racism and Indigenous Relations Office Programs, and the expanded Equity portfolio.
- Maintaining a focus on strengthening community and non-profit sector capacity to support social wellbeing for all Calgarians through building and maintaining relationships, facilitating collaboration amongst partners, making strategic investments, sharing data and information, supporting advocacy efforts, and undertaking ongoing engagement to understand partners' needs and capacity constraints.

Upcoming

- Advance the maturity of the organization's learning and commitment to embed Equity, Truth and Reconciliation, and Anti-Racism into The City's services, investment decisions, and organizational culture.

- Further advance advocacy strategies for additional and sustained funding from other orders of government for social programs, costs associated with social disorder, mental health and addictions, and to increase and maintain the affordable housing supply.
- Identify and integrate emerging social issues into policy development and updates where applicable.

Principal Corporate Risk and Risk Owner	Residual Risk Rating (July 2023)	Current Residual Risk Rating (December 2023)	Progress of Risk Response	Risk Trend	Risk Tolerance/ Appetite	Target Residual Risk Rating (3 years)
Sustainable City Risk GM, Planning & Development Services			In Progress	→	Monitor	

Risk Rating

The risk rating is at “High” and risk trend has remained stable in 2023.

Uncertainty related to economic, social, and environmental pressures

Without investment, support, buy-in and collaboration from private sector and Calgarians, The City may struggle to execute the policies and plans developed in alignment with the Calgary Plan, Citywide Growth Strategy, Environment Strategy, and Climate Strategy – Pathways to 2050. Progress has been made on implementing the Climate Strategy – Pathways to 2050, however, greenhouse gas emissions are not being reduced at the necessary rate, which poses an increased risk to our economy, environment, people, and City reputation. There are opportunities associated with developing and implementing green technologies in Calgary and applying an equity lens to ensure access to environmental and climate services is available for all.

Services indicated they are managing risks related to increasing severe weather events and the organization's impacts on the environment. Also identified is the potential for misalignment between planning and actual growth. In response, services noted optimization efforts in planning and forecasting, enhanced monitoring and analytical tools being implemented, engagement and training efforts.

Key Risk Measures

Annual Residential Unit Growth	Increasing growth in the developed areas makes the best use of existing land, reduces the cost of City services and operating costs. 63% of new units built within the developed areas 37 per cent of new units built within the developing areas (2022).
Sustainable Cities Index	This index tracks 12 key indicators of urban sustainability related to climate change, air quality, land use, transportation, water, waste, policy, and resilience for benchmarking with other North American Cities. Calgary's index score is 48. Other large Canadian cities ranked: Edmonton 45, Montreal 49, Toronto 49, and Vancouver 52.
Transportation mode split	This indicator identifies the percentage of all-purpose, city-wide trips made by walking, cycling, transit, and car within a 24-hour period. We are trending at 75 per cent, above our stated target (60 per cent) for personal vehicle use, and trending at 3 per cent, below our stated target (18 per cent) for transit transportation. Active

	modes of transportation increased significantly during the pandemic and remain within our target of 22 per cent.
Community-wide Greenhouse Gas Emissions	Greenhouse gas emissions have seen a reduction over the past few years and are currently at 15.93 CO ₂ e (Carbon Dioxide Equivalent - for any quantity and type of greenhouse gas, this signifies the amount of CO ₂ which would have the equivalent global warming impact). However, they are not decreasing at the necessary rate to reach a target of zero for 2050.

Risk Response

Current

- Calgary Plan to reflect triple-bottom-line, climate risk/GHG reduction and other risks.
- Adapt to ensure we are meeting housing supply needs that match the projected population increase. Ensure intentionality around our actions and policies for sustainable growth & climate change mitigation and adaptation.
- Sustain relationships with regional partners.
- Incorporate the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) outlined in the White Goose Flying Report.
- Ensure realization of housing units over next three years to bring in the full allocation of Housing Accelerator Fund (HAF) agreement.
- Continue implementation of Environment Strategy and Climate Strategy-Pathways to 2050.
- Continue to incorporate Service Line approach and utilization of cross corporate collaboration when planning and decision making.
- Climate Action through Land Use Bylaw amendments.

Upcoming

- Continue to align service lines' cross-corporate coordination to deliver on Council's three key pillars of resilience (Social resilience, Economic resilience, and Climate resilience).
- Develop/implement climate reporting tools.
- Will continue to embed climate and environment within organizational governance and decision making.
- Build awareness, and training opportunities on climate and environmental risk.

Appendix 1: External Pressures Descriptions

At this time, there are ten prominent external pressures that are impacting the organization. These pressures reflect the complex and ever-changing environment in which we operate and are the primary factors driving our strategic risks. Therefore, the Executive Leadership Team (ELT) must carefully consider these pressures during their strategic risk discussions and decision-making processes to ensure that we are well prepared for any uncertainties that may impact our results:

- 1) **Economic Conditions/Inflation** – Economic conditions, market volatility and inflation continue to put pressure on costs, including cost of living. The increase in costs impacts our ability to fund capital projects and puts constraints on our operations. It is also impacting affordability for Calgarians and contributes to social challenges, including public safety.
- 2) **Labour and Supply Shortages** – Availability and supply of goods, materials and labour continue to be a challenge. The “Fall 2023 Calgary and Region Economic Outlook” report indicates that the construction industry is projected to face some challenges in filling job vacancies. Supply chain and procurement delays are also a concern as these disruptions can impact projects and operations.
- 3) **Growth** – City and regional growth, urbanization and overall population growth puts pressure on our resources, operations and our ability to meet the needs of Calgarians.
- 4) **Climate Change** – Climate change is driving severe weather events which can significantly impact The City and the safety of Calgarians. There is a need for investment support, buy-in and collaboration from private sector and Calgarians to collectively tackle this challenge.
- 5) **Geopolitical Conflicts** – Political conflicts across the globe can impact our operations in various ways. Escalation of these conflicts can create supply chain disruptions and challenges. They can also create division amongst Calgarians due to different political or social views, which can contribute to social unrest or other social concerns.
- 6) **Increase in cyber-attack sophistication** – Cyber-attacks are becoming more sophisticated, severe and frequent, with Governments being a key target, mainly because of the highly confidential and valuable information their systems store.
- 7) **Technology advancement** – The increased demand for technology and data driven decision making, coupled with rapid changes and advancements in technology, puts pressure on funding of these requirements. It also puts pressure to improve our processes and service delivery through automation and use of technology to improve efficiency.
- 8) **Changes to regulations / requirements** – The City must monitor various regulations, standards, and requirements on an ongoing basis for any updates or release of new regulations to appropriately update our internal processes or policies for compliance purposes and to be in line with best practices. This puts pressure on our capacity, which is exacerbated if regulatory changes contain ambiguity and require follow up with the regulator.
- 9) **Increase in service demand** – increase in the demand for our services affects the efficiency and effectiveness of our service delivery to Calgarians and puts pressure on our capacity along with the physical and mental well-being of the workforce.
- 10) **Changing public expectations** – The increase, evolution, diversity and complexity of public needs and expectations puts pressure on our budget, funding capacity, resources, and service delivery.

Appendix 2: Risk definitions

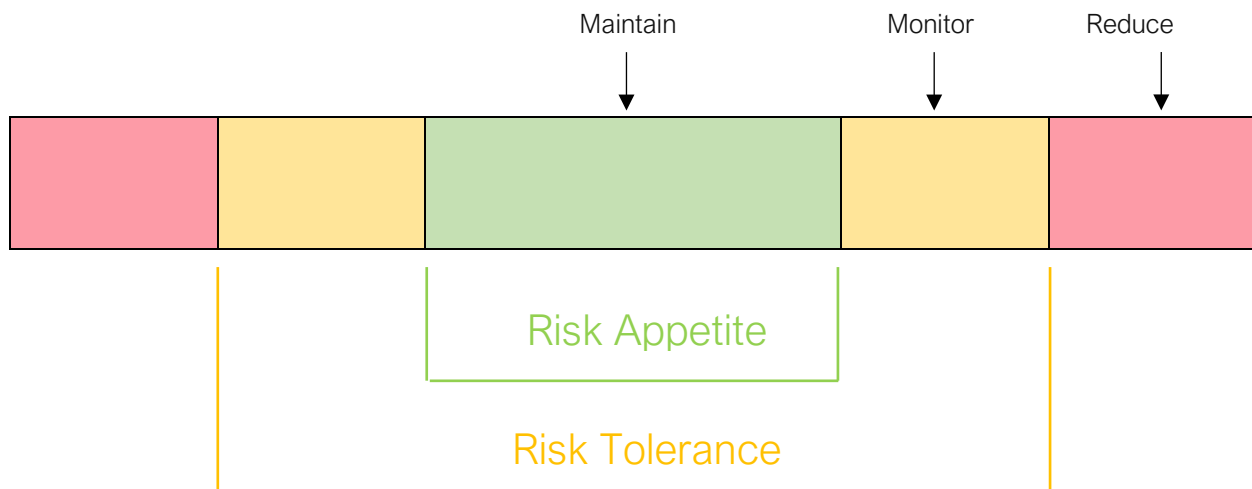
Name of the Principal Corporate Risk	Risk Definition
Capital Infrastructure Risk	Previous: Capital Infrastructure may be delayed, experience decreased level of service, or have degraded performance or failure due to competing priorities and limited funding. To protect public safety, this could result in service continuity impacts to Calgarians.
	New: Capital infrastructure may be delayed, experience decreased levels of service, or failure due to competing priorities, limited funding, operational challenges, or aging infrastructure. This could result in an inability to deliver needed infrastructure, compromised public safety, service impacts and increased costs to The City.
Employee Experience and Technological Disruption Risk	Current: The City's corporate culture must be able to respond to internal/external factors and societal pressures when it comes to human and technological resources required for the delivery of services to residents and businesses. There is a risk that the organization is not making strategic investments today to prepare us to meet future demands, leverage emerging trends and technologies, and ensure resilience in its operations.
	New: Employee Experience: Employee experience is a key factor in our ability to attract and retain top talent. There is a risk that The City will not be able to respond quickly or adequately to the pace of demand for a workplace that reflects the expectation of current and prospective employees. Technological Disruption: The rapidly evolving sophistication, severity and frequency of cyber-attacks, combined with increasingly diverse IT environments and solutions, increases the risk of technological disruption at an exponential rate. This could impact the organization as it is reliant on technology to deliver customized service across a multitude of platforms.
Financial Sustainability Risk	Current: A risk that The City of Calgary is unable to maintain strong financial capacity. This could manifest as a sudden financial constraint, including lower revenues or higher expenses. It arises from external forces and shocks, such as reduced funding from other orders of government or higher than anticipated expenses due to higher population growth or inflation or cost for service delivery. Generally, this risk increases if the variability in the broader economic context for our operations triggers a significant shift in any revenue or expense category.
	New: A risk that The City of Calgary is unable to maintain strong financial capacity. This could manifest as a sudden financial constraint, including lower revenues or higher expenses. It arises from external forces and shocks, such as reduced funding from other orders of government or higher than anticipated expenses due to higher population growth or inflation or cost for service delivery.

Name of the Principal Corporate Risk	Risk Definition
	Generally, this risk increases if the variability in the broader economic context for our operations triggers a significant shift in any revenue or expense category.
Legal Risk	Current: Comprehensive business processes, along with intentional and informed decision making is necessary for the corporation to meet legal compliance requirements and otherwise conduct city business within corporate risk tolerance. This requires the provision of timely professional advice, the absence of which could result in financial losses or unnecessary business, legal or reputational risk for The City.
	New: <i>No change</i>
Reputation Risk	Current: Residents, businesses, and strategic partners need to trust that The City will safely and effectively manage its resources and deliver valued services in an efficient, timely, fair, and equitable manner. Loss of confidence in our municipal government and local leadership will create problems in recruiting and retaining staff, negatively impact Administration's working relationship with Council and other orders of government and may adversely impact residents' quality of life and their perception of Calgary being a great place to make a living and make a life.
	New: <i>No change</i>
Social Wellbeing Risk	Current: The sustained economic downturn and increasing social unrest (from large scale movements to local financial and social impacts of the pandemic) have negatively impacted the social wellbeing of Calgarians by creating more disparate and complex social needs. Current conditions also reduce the capacity of the non-profit sector to respond, resulting in increased pressure on government to respond and fill the gap.
	New: There is a risk that The City may not have the capacity to meaningfully contribute through a systemic, holistic approach to the advancement of social wellbeing for all Calgarians due to the increasingly complex social needs and higher demand for services that can result from changing socio-economic and other factors. The potential impacts are deteriorating social wellbeing outcomes - quality of life, access to opportunities, and inclusion in society - for Calgarians, in particular those experiencing vulnerabilities, along with increased pressure for The City and partners to respond, reputational concerns, higher service costs, and in the longer term, possible financial losses resulting from a declining population and economy.

Name of the Principal Corporate Risk	Risk Definition
Service Delivery Risk	Current: There is a risk that the quality of public-facing City services will decline over time. This stems from a range of factors, including risks to service inputs (systems, processes, tools, infrastructure, people and culture), environmental factors (e.g., extreme weather, cyber threats, public behaviour), and performance gap (if our service outputs do not match citizen/business expectations). These factors can be interrelated, requiring a holistic risk response to manage effectively.
	New: There is a risk that the quality of public-facing services will decline due to workforce challenges, asset risks, changes in service demand, an increase in negative public behaviours and/or environmental/climate change; these ultimately result in a loss of confidence in government and a reduction in customer satisfaction.
Sustainable City Risk	Current: Economic, social, and environmental sustainability are critical for The City. Significant contributing factors to this risk are variability in population growth, economic activity, and environmental trends. Impacts from this risk are also likely to be experienced to different degrees spatially within the city and more severely by marginalized groups. Associated long-term and wide-ranging risk considerations for not creating a sustainable city include financial, operational, social, environmental, regulatory and reputational considerations.
	New: <i>No change</i>

Appendix 3: Risk Appetite/Tolerance Level

Maintain	Monitor	Reduce
Within risk appetite The current level of hazard/uncertainty, as assessed as part of the Corporate Risk Review process, is consistently in line with the results that were strategically planned and expected and operating at a risk level that the organization is comfortable accepting or maintaining.	Within risk tolerance The current level of hazard/uncertainty, as assessed as part of the Corporate Risk Review process, is within tolerable limits or range, but results may not be sustainable. It is important to continue to closely monitor and assess the risk.	Above risk appetite and tolerance Where the current level of hazard/uncertainty, as assessed as part of the Corporate Risk Review process, is above tolerable limits or range and operating at a level of risk exposure where additional actions are required to reduce the risk to a tolerable or acceptable level.



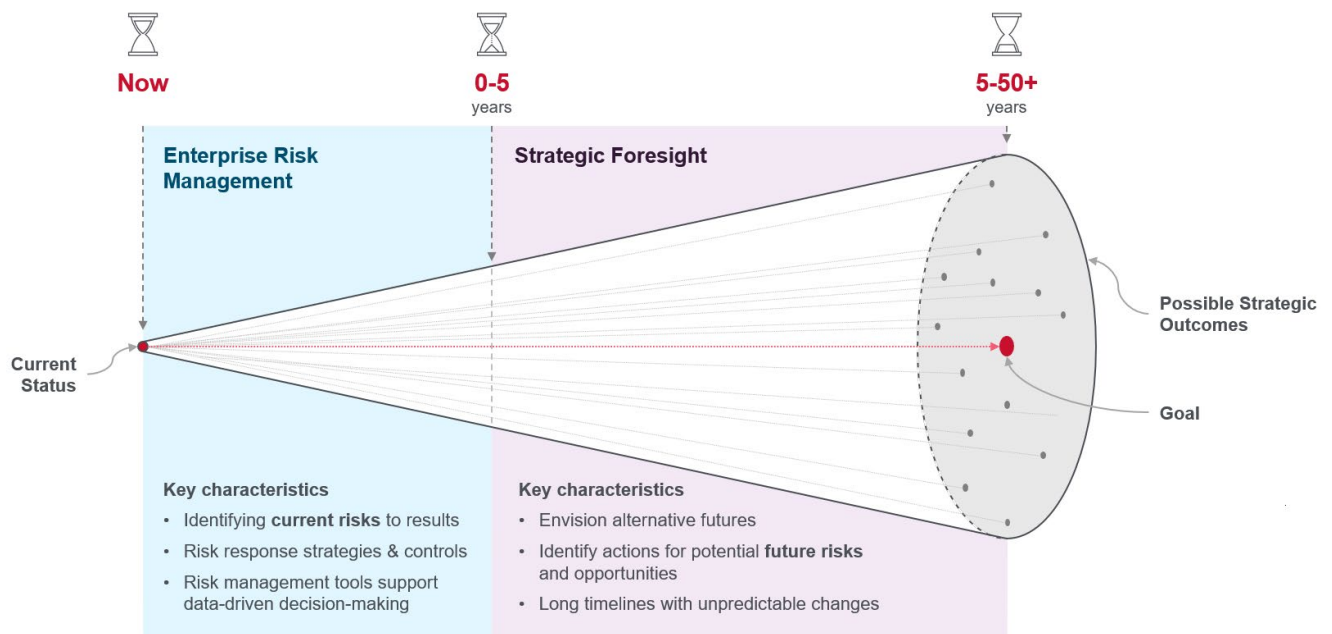
Appendix 4: PCR Residual Risk Rating Trend

Principal Corporate Risk	Residual Risk Rating (January 2022)	Residual Risk Rating (July 2022)	Residual Risk Rating (January 2023)	Residual Risk Rating (July 2023)	Current Residual Risk Rating (December 2023)
Capital Infrastructure Risk					
Employee Experience Risk	Not Rated ⁽¹⁾	Not Rated ⁽¹⁾			
Technological Disruption Risk					
Financial Sustainability Risk					
Legal Risk					
Reputation Risk					
Social Wellbeing Risk					
Service Delivery Risk					
Sustainable City Risk					
Legend	 Slight  Low  Medium  High  Extensive				

(1) Prior to 2023, the risk ratings for "Employee Experience" and "Technological Disruption" were combined into one risk rating labeled as "Employee Experience and Technological Disruption Risk" in The City's Risk Profile.

Appendix 5: Strategic Foresight and Risk Management

Enterprise risk management and strategic foresight work together to support decision makers by considering uncertainty and shaping responsive strategies. Strategic foresight applies a long timeframe and explores multiple, plausible scenarios. Enterprise risk management is generally focused on understanding uncertainties which can take findings and recommendations from strategic foresight and apply them to current state analysis of our risk exposure and response strategies. Meanwhile, from risk management current understandings of trends, uncertainty, and residual risks can be used to extrapolate potential future scenarios for strategic foresight exercises. As such, strategic foresight and enterprise risk management exist in a feedback loop at The City where each play an important role in building resilience for the organization.



Appendix 6: 5x5 Risk Matrix

Risk Matrix							
Likelihood	Level 5 Almost Certain	Probability* 90% and greater	Medium	High	High	Extensive	Extensive
	Level 4 Likely	65-89%	Low	Medium	High	High	Extensive
	Level 3 Possible	35-64%	Low	Low	Medium	High	High
	Level 2 Unlikely	11-34%	Slight	Low	Low	Medium	High
	Level 1 Rare	10% and less	Slight	Slight	Low	Low	Medium
	*Probability of occurrence in a given year		Impact				
		1 Negligible	2 Minor	3 Moderate	4 Significant	5 Severe	
		Minimal impact. Still able to achieve objectives without disruption.	Coping strategies required - able to be addressed with existing plans and resources.	Some challenges on ability to achieve objectives. Some delay. Some aspects of objectives are only met in part.	Difficulties to achieve objectives. Delays or notable aspects of objectives not completed.	Unable to meet objectives due to serious, extended disruption.	
Impact Category	Workforce	•Minor injury or first aid treatment. •Low turnover; easy to hire people with required skills in a timely fashion.	•Injury requiring treatment by medical practitioner and/or lost time from workplace. •Minor psychological impact. •Some turnover; some difficulty in hiring people with required skills in a timely fashion.	•Major injury or psychological illness/hospitalization. •High turnover; small delays in ability to hire people with required skills in some areas of the organization.	•Permanent, or multiple major, injuries or psychological illness. •High turnover; notable delays in ability to hire people with required skills in some areas of the organization.	•Conditions that could result in fatality(ies). •Very high turnover; unable to hire for extended periods of time people with required skills in many areas of the organization.	
	Technology	•Non-critical system faces minor interruption. •Compromise of unrestricted information otherwise available in the public domain.	•Non-critical system faces significant interruption. •Minor compromise of protected information sensitive to internal or sub-unit interests.	•Critical system faces minor interruption. •Compromise of protected information sensitive to the organization's operations.	•Critical system faces significant interruption. •Compromise of restricted information sensitive to organizational interests.	•Irreparable widespread damage to critical system(s). •Compromise of restricted information with major, ongoing impact.	
	External	•Immediately reversible damage. •Minimal flood damage in an isolated area.	•Short-term reversible damage. •Minimal flood damage in more than one area.	•Long-term reversible damage. •Major flood damage in an isolated area.	•Limited irreversible damage. •Major flood damage in more than one area.	•Widespread irreversible damage. •Massive flood damage in multiple areas throughout the city.	
	Financial	•Financial impact is within expected variance and preemptively accounted for.	•Financial impact is expected and planned for with minor adjustments needed.	•Financial impact is greater than planned for, some delay, reduction in scope or alternate funding is required.	•A large unplanned financial impact. Significant delays or adjustments to scope are required. Some alternate funding may be achieved.	•Unplanned financial impact that results in indefinite delays or cancellation of work. Alternate funding is not able to be acquired.	
	Strategic	•A strategic goal within the organization is slightly impacted. •Reputation to internal stakeholders may be slightly impacted.	•Strategic goal within the organization requires some adjustment. •Reputation to key internal stakeholders is adversely impacted.	•An organizational-wide strategic goal is compromised. •Reputation to internal and some external stakeholders may result in some loss of confidence and trust in the organization.	•Unable to deliver on an organizational-wide strategic goal for a sustained period of time. •Reputation sustains extended, substantial damage to confidence and trust.	•Unable to deliver on an organizational-wide strategic goal indefinitely. •Reputation extended, substantial damage to confidence and trust which is irreparable.	
	Operational	•Minimal impact on non-core operations. The impact can be dealt with by routine operations.	•Some impact on organizational capability in terms of delays, systems quality but able to be dealt with at operational level.	•Impact on the organization resulting in reduced performance such that targets are not met.	•Some unavailability of critical skills/people. •Breakdown of key activities leading to reduction in performance.	•Protracted unavailability of critical skills/people. •Critical failure(s) preventing core activities from being performed.	