

Risk Tolerance Statement

The University acknowledges that there is an element of risk in any decision or activity, and encourages risk taking when the risk is appropriately managed. Risk Management is defined by the Risk Management Standard (ISO 31000:2018) as coordinated activities to direct and control an organization with regard to *risk*. The University's Enterprise Risk Management Framework provides guidance and critical business processes for identifying risks and for prioritizing and proactively managing those risks. This *Statement*, which is to be applied at the institutional level, is another critical component of the University's Enterprise Risk Management Framework.

QUANTIFYING THE LEVEL OF RISK

Quantifying the level of risk the University is willing to tolerate is vital across the following areas:

- Financial
- Reputation
- Infrastructure (Information Technology and Physical)
- Education/Research
- Human Resources
- Safety/Security

Likelihood of Event or Condition Occurring

In the University's Enterprise Risk Framework the level of risk is quantified by combining the likelihood of a negative event or condition occurring and the impact of that event or condition. Likelihood is defined by the ISO 31000 Standard as the chance of something happening, whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically (such as a probability or a frequency). Assisted by the table below, the decision maker estimates likelihood on a scale from "rare" to "almost certain".

Category	Qualitative Interpretation
Rare	Similar events have not occurred globally at any university in the last 10 years.
Unlikely	Similar events have not occurred at a Canadian university within the last 10 years or globally at any university within the last 5 years.
Normal	Similar events have occurred at Canadian Universities at a rate of, at a minimum, once every 10 years or globally at any university with a rate of at least once every 5 years.
Likely	Similar events have occurred at the University at a rate of at least once every 10 years or at Canadian Universities at a rate of at least once every 5 years or globally at any university with a rate of at least once every 2 years.
Almost Certain	Similar events have occurred at the University at a rate of at least once every 5 years or at Canadian Universities at a rate of at least once every 2 years or globally at any university with a rate of at least one (or more) events every year.

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Impact of Event or Condition Occurring

Impact is defined in terms of consequences that can have positive or negative effects on institutional objectives, including broader analysis of positive and negative impacts as well as cascading and cumulative consequences. Assisted by the tables below, the decision maker estimates impact on a scale from “insignificant” to “severe”.

1. Financial

Category	Qualitative Interpretation
Insignificant	A loss of less than \$100,000.
Minor	A loss of between \$100,000 and \$500,000.
Normal	A loss of between \$500,000 and \$2,000,000.
Major	A loss between \$2,000,000 and \$5,000,000.
Severe	A loss greater than \$5,000,000.

2. Reputation

Category	Qualitative Interpretation
Insignificant	<ul style="list-style-type: none"> Brief negative attention in local news/social media
Minor	<ul style="list-style-type: none"> Negative attention in local news/social media for up to 1 week.
Normal	<ul style="list-style-type: none"> Negative attention in national news/social media for less than one week, or Negative attention in local news/social media for 1-2 weeks, or Negative reaction among surrounding communities for less than 2 weeks.
Major	<ul style="list-style-type: none"> Negative attention in international news/social media for less than 1 week, or Negative attention in national news/social media for 1-2 weeks, or Negative attention in local news/social media for more than 2 weeks, or Sustained negative reaction among surrounding communities.
Severe	<ul style="list-style-type: none"> Intense negative attention in international news/social media for more than 1 week, or Intense negative attention in national news/social media for more than 2 weeks.

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3. Infrastructure (Information Technology or Physical)

Category	Qualitative Interpretation
Insignificant	Minor disruption or damage to software, networks or infrastructure. Operations can continue without interruption
Minor	Disruption or damage to software, networks or infrastructure that results in an operational impact less than 3 hours.
Normal	Disruption or damage to software, networks or infrastructure. Operations that results in a major operational impact greater than 3 hours but no more than 1 business day.
Major	Disruption or damage to software, networks or infrastructure that results in a major operational impact greater than 1 day but no more than 3 business days.
Severe	Disruption or damage to software, networks or infrastructure that results in a major operational impact greater than 3 business days.

4. Education / Research

Category	Qualitative Interpretation
Insignificant	Unable to provide education or perform research for a small number of courses or researchers for a period of less than two weeks.
Minor	Unable to provide education or perform research for a small number of courses or researchers for a period between 2 weeks and 1 month.
Normal	Inability of a substantial portion of the University to provide education or perform research for a period between 1 week and 2 weeks
Major	Inability for the substantial portion of the University to provide education or perform research for a period between two weeks and 1 month.
Severe	Inability for the substantial portion of the University to provide education or perform research for more than 1 month period.

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5. Human Resources

Category	Qualitative Interpretation
Insignificant	Loss of competitiveness such that the University's ability to attract and retain suitable academic and support staff is marginally below that of similar organizations.
Minor	Loss of competitiveness such that the University's ability to attract and retain suitable academic and support staff is noticeably below that of similar organizations.
Normal	Loss of competitiveness such that the University's ability to attract and retain suitable academic and support staff is significantly below that of similar organizations – such that there are vacancies in various departments across the University.
Major	Loss of competitiveness such that the University's ability to attract and retain suitable academic and support staff is significantly below that of similar organizations – such that entire departments or units are unable to meet their obligations.
Severe	Loss of competitiveness such that the University's ability to attract and retain suitable academic and support staff renders the University unable to operate and carry out its mission.

6. Safety / Security

Category	Qualitative Interpretation
Insignificant	No adverse health effect for any individual.
Minor	Minor injuries or illness to one or two individuals.
Normal	Serious injuries or illness to one or more individuals or minor injuries to three or more.
Major	Permanently disabling injuries to one or more individuals or illness affecting 25% of employees.
Severe	One or more fatalities, injury affecting 5 or more employees or illness affecting 40% of employees. .

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RISK LEVELS AND AUTHORITY FOR APPROVAL

In the matrices that follow the calculation of overall risk and the decision-makers and mitigation requirements are explained.

Risk Level Matrix

The intersection of a risk's likelihood and the severity of its impact categorizes the risk level for consistent application across the University.

		LIKELIHOOD				
		RARE	UNLIKELY	NORMAL	LIKELY	ALMOST CERTAIN
IMPACT	SEVERE	HIGH RISK	CRITICAL RISK	CRITICAL RISK	CRITICAL RISK	CRITICAL RISK
	MAJOR	NORMAL RISK	HIGH RISK	HIGH RISK	CRITICAL RISK	CRITICAL RISK
	NORMAL	NORMAL RISK	NORMAL RISK	NORMAL RISK	HIGH RISK	HIGH RISK
	MINOR	LOW RISK	LOW RISK	NORMAL RISK	NORMAL RISK	HIGH RISK
	INSIGNIFICANT	LOW RISK	LOW RISK	LOW RISK	LOW RISK	NORMAL RISK

Note: If a risk falls into several categories, it is always placed in the category with the highest risk level. For example, if an activity could result in a major reputation impact as well as a Normal financial/ physical Infrastructure impact, it should be considered a major impact.

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Mitigating the Risk

The Mitigation Matrix below identifies the requirements for mitigation expected of members of the University Community based on the level of risk.

RISK LEVEL TOLERANCE AND MITIGATION REQUIREMENTS	
RISK LEVEL	MITIGATION REQUIREMENTS
CRITICAL RISK	<p>Level of Risk is not acceptable given existing circumstances and must be mitigated immediately.</p> <p>Risk poses non-recoverable, immediate and/or lasting threat of loss. Risk exposure requires immediate, continued, mitigation and/or cessation of activity giving rise to the Risk. Should be monitored constantly and reviewed monthly.</p>
HIGH RISK	<p>Level of Risk is not acceptable given existing circumstances unless it is reduced to a lower level.</p> <p>Risk poses significant but recoverable (with effort) loss. Requires mitigation measures to immediately reduce Risk Level and /or continued effort with additional mitigation strategies to reduce risk exposure to acceptable levels in the midterm. Should be constantly monitored and reviewed every 3 months.</p>
NORMAL RISK	<p>Level of risk exposure is known and is being successfully managed.</p> <p>Continuation of planned/existing mitigation strategies is expected and managed by specific monitoring or response procedures. Should be monitored and reviewed annually.</p>
LOW RISK	<p>Level of Risk is acceptable and planned for, such as a risk inherent to approved business operations.</p> <p>Manage by routine procedures and operations and does not require additional mitigation, but should be reviewed annually.</p>

Although this *Statement* primarily examines the potential negative consequences of risk, it is also recognized that uncertainty can lead to positive outcomes for the University. All members of the University Community are encouraged to assume risk in a managed way when it enables them to pursue opportunities that can have a positive impact on achieving the University's objectives.

It is also important to acknowledge that there can be overall negative consequences as a result of failing to pursue an opportunity in order to avoid risk that the University could tolerate.

Note: It is assumed that regulatory requirements and any requirements in the relevant Collective Agreements will be met and are not risk assessed.