TAF Risk Register

Updated June 2024

Risk ID	RISK CATEGORY	RISK	EXAMPLES	LIKELIHOOD (& RANKING)	IMPACT (& RANKING)	RISK RATING	RESIDUAL RISK	SPECIFIC MONITORING ACTIVITIES	RISK MANAGEMENT AND RESPONSE ACTIONS
1	GOVERNANCE	Material non-compliance with obligations established through legislation, regulation, policy or governance agreements.	Breach of clause in the TAF Act, any of TAF's funding agreements, other legislation or policies which TAF is subject to (e.g.: freedom of information, conflict of interest)with other parties	Possible (3)	Major (4)	7	6	- Assess quarterly in context of preparing CEO report to Board	- Ensure relevant staff, Committee and Board members are aware of TAF's key governance requirements (e.g., conflict of interest policy, etc.) and how they must comply with them - Implement strong internal policies to ensure compliance with TAF's governance obligations - Seek legal counsel where appropriate - Include relevant governance training in staff orientation materials - Provide training as needed to relevant audiences
2	REPUTATIONAL	Actions taken by staff, Board members, Committee members, LC3 colleagues, project partners, investees, grantees or other collaborators damage TAF's reputation in the eyes of its stakeholders, funders and/or the public.	Inappropriate public communications by staff, fiduciaries, collaborators; problems/conflicts with projects or project partners; and (inevitable) challenges from third-parties who disagree with TAF. Governance-related non-compliance can also have reputational risks.	Possible (3)	Moderate (3)	6	5	- Regular scanning of communications pertaining to TAF	- Develop and follow terms of engagement governing TAF collaborations with third parties - Provide media training to relevant staff who will be engaging with the media - Enforce requirements and guidelines for staff's use of social media (i.e., in personal or professional capacity) - With the support of TAF's communications team, ensure timely and effective responses to emerging situations - Engage proactively with relevant audiences and flag and address potential issues early
3	OPERATIONAL	Staff capacity is inadequate to effectively deliver program, financial, governance and/or operational elements of TAF's mandate.	Excessive turnover; lack of diversity in staff or volunteer skills, experience and perspectives; administrative burden distracts from effective program delivery and governance.	Possible (3)	Moderate (3)	6	4	- Review TAF's remuneration package - Monitor uptake and outcomes of individual and team-based PD opportunities - Monitor participation in and impact of TAF social events, in-office presence, retreats - Undertake surveys, including EDI survey, to collect feedback on work environment	- Provide competitive remuneration packages; foster a work environment that promotes staff satisfaction (e.g., through challenging and innovative work, regular individual and team-based professional development opportunities, frequent social events, open communication, etc.) - Employ an effective recruitment system to ensure a diversity of experience and perspectives among applicants for new roles - Maintain a strong focus on strategic priorities to avoid distraction and overextension
4	OPERATIONAL	Disruption and/or misuse of information technology impairs business functions.	Data breach, server failure, cybercrime, inappropriate use of AI, etc.	Likely (4)	Moderate (3)	7	6	- Assess the adequacy of TAF's IT systems annually, or as new requirements and best practices evolve	- Solicit advice from TAF's IT consultants and TO's CISO office regularly - Train staff on how to protect against data/IP breaches (including taking regular CoT training courses) - Regularly report/share phishing attempts, other risks with staff - Maintain critical equipment and infrastructure (e.g., laptops, back-ups) for security and reliability - Maintain hybrid working model to minimize impacts of disruption - Leverage IT protections available through CoT office premises
5	PROGRAM	Risk aversion constrains TAF's ability to fulfill mandate.	Low risk tolerance with respect to direct investments, grants, program design, policy advocacy, etc. limits the ability of TAF to take sufficient risk to generate strong returns and to advance innovative and impactful solutions.	Likely (4)	Major (4)	8	7	- Solicit Board perspectives regarding annual Business Plan as it goes to the Board for review and approval. -Consult stakeholders regarding needs, opportunities and risk tolerance in the context of developing strategic plans. - Consider risk appetite in the context of regular review of the SIOP.	- Continue using Board-approved Strategic Plan, Annual Business Plan and Statement of Investment Objectives and Principles to guide TAF's investment decisions - Foster a staff culture that embraces failure and adapts quickly (e.g., debrief sessions, lessons learned presentations across teams, etc.) - Plan regular discussions on ambitious opportunities before us (e.g., monthly item on SMT agenda)

6	PROGRAM	TAF is unprepared for external factors with potential to affect its ability to advance the mandate.	A recession diverts public and political attention away from the climate crisis; the government invests inadequate resources in climate solutions and/or invests in carbon lock-in infrastructure.	Possible (3)	Extreme (5)	8	8	- In context of designing new and evaluating current programs, consider potential headwinds and disruptive factors. - Monitor public opinion, political and corporate priorities, and other factors relevant to TAF's mandate	- Continue to work with allies in the environmental sector and other sectors to demonstrate the multiple benefits (i.e., economic development, public health, social equity, resilience) of strong climate action; and consider integrating in new and current programs - Anticipate possible scenarios and develop plans to adjust course in response to external factors and challenges as appropriate
7	FINANCIAL	TAF is unprepared to weather a significant market downturn.	A capital market downturn reduces TAF's financial resources and its associated capacity to invest in low carbon solutions. Being unprepared includes not having the expert advisors and mitigation strategies fail to stem the negative impact.	Likely (4)	Major (4)	8	6	- Review TAF's investment portfolio regularly with the Investment Committee.	- Ensure an appropriate level of investment diversification in terms of asset classes, sectors, and fund managers - Leverage oversight of Investment Committee and Investment Advisor to support appropriate and timely responses - Establish asset mix working group as needed - Adopt a long-term investment horizon while maintaining sufficient liquidity to avoid crystalizing losses
8	FINANCIAL	A direct investment under-performs	An under-performing direct investment reduces TAF's financial resources and its associated capacity to invest in low carbon solutions and could negatively impact TAFs brand as an investor limiting future opportunities.	Possible (3)	Moderate (3)	6	5	- Review TAF's individual investment prospects and flag any concerns regarding active investments with the Direct Investment Committee.	- Undertake sufficient due diligence for each direct investment opportunity including implications on TAF brand - Seek regular financial guidance from TAF's expert fund managers, Direct Investment Committee and Board. - Limit the size of individual investments where appropriate - Monitor investments on an ongoing basis - Develop and implement recovery plans as necessary
9	FINANCIAL	TAF fails to develop or adequately implement effective controls for its finances and cash resources.	Poor budget management or internal controls lead to costs exceeding revenues; reserves prove inadequate to cover losses; TAF is defrauded by a staff member or external actor.	Unlikely (2)	Major (4)	6	5	- Review actual expenses and revenues against projections; make operational changes as needed to account for shortcomings - Have external auditor review TAF's financial controls.	- Develop annual budget in consultation with the Senior Management Team and the Board; review actual costs and revenues against projections - Undertake annual audit with external auditors - Leverage external experts and best practices to develop effective internal policies and procedures (e.g., procurement, debt, etc.). - Keep as much money as possible invested in funds which are more difficult to access quickly. - Develop and ensure ongoing compliance with approval schedule requiring authorization by multiple senior staff / Board members for larger transactions.
10	POLITICAL	TAF loses the support of its endowment providers.	A new administration is hostile to TAF's mission and/or is seeking new revenue generation opportunities, and withdraws TAF's endowment funds.	Rare (1)	Extreme (5)	6	6	-Assess compliance with funding requirements as part of development of quarterly CEO report	- Continue to demonstrate TAF's value proposition to its funders - Maintain compliance with all funding requirements - Ensure that all work remains strictly non-partisan and evidence-based - Maintain a strong network of diverse partners who can validate TAF's value proposition - Respond promptly and effectively to inquiries and requests, emphasizing TAF's results and relevance in achieving its mandate and strategic objectives.