

Calgary Municipal Land Corporation: Enterprise Risk Register 2020

| Risk Identification | | | | Risk Assessment | | | | |
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| RISK No. | RISK EVENT | RISK CAUSE | IMPACT / CONSEQUENCE | CURRENT MITIGATIONS | RESIDUAL RISK | | | RISK RATING |
| | | | | | LIKELIHOOD (1-3) | IMPACT (1-3) | SCORE (1-9) | |
| 1 | Strategic Risk: <i>The risk of not meeting the City of Calgary's objectives for urban densification and community renewal, infrastructure investment and placemaking.</i> | | | | | | | |
| 1a | Economy Resilience Risk: Risk that economy impacts ability to meet current plans. | Impact of COVID and current economy on residential, retail, hospitality and commercial markets. | Slowed development and inability to attract developer and resident investment. | Retail study conducted. Development of convertible spaces to be adaptable for multiple uses. Development of spaces and utilities to accommodate various uses. | 3 | 1 | 3 | MEDIUM |
| 1b | Political and Governance Risk: Risk arising from significant changes in municipal government. | Change in governance, funding commitment and/or shareholder composition. Change in community priorities around urban densification and large gatherings resulting from COVID. | Increased input from the City and loss of autonomy. Loss of committed or future funding. Opportunity to fund new projects. | Seek opportunities with new governments. Stay innovative and nimble. Develop processes that can scale down for smaller projects. Funding has been committed. | 1 | 3 | 3 | MEDIUM |
| 1c | Stakeholder and Partner Relationship Risk: Risks resulting from development partnerships and loss of control over delivery of projects. | Conflicting stakeholder interests that may not align with the shareholder vision. Inability to meet all stakeholder requests and fulfill CMLC mandate. Loss of personal connections and networks as a result of COVID. | Inability to meet the needs of Calgarians while meeting the needs of the community. Lack of influence over plan to enable long term social, environmental and community resilience. | Listen to and support partners while delivering on the CMLC mandate. | 3 | 1 | 3 | MEDIUM |
| 1d | Innovation Opportunity: Opportunities to operate intelligently, innovate & enable long-term resilience resulting from development being in a planning stage. | Victoria Park and BMO Centre are in the planning phases. Corporate culture and skilled resources that are nimble to adapt to changing community needs. Ability to leverage strong relationships from previous success to provide resource support. | Ability to adjust and adapt plans to meet the changing needs of the community in response to COVID, the long term viability of large social gathering places, the local economy and changing political environment. Opportunity to incorporate pandemic best practices into development plans. Long term opportunity to provide consulting services to large scale projects locally and internationally. | Development of convertible spaces to be adaptable for multiple uses. Development of spaces and utilities to accommodate various uses. Use of specialists in how we address inclusion & diversity. | 3 | 1 | 3 | MEDIUM |
| 1e | Innovation Risk: Risk of not demonstrating project innovation. | Lack of investment in project innovation by focusing on financial return versus other strategic success metrics. Resource constraints that take away from being innovative. Timelines to make changes to BMO and Event Centre are minimal. | Inability to meet all success criteria defined for CMLC. Not maintaining reputation as a leader, loss of credibility as a placemaker. | Taking on innovative projects by pursuing excellence and challenging best practices. Recruiting skilled and experienced resources. Utilizing external resources & consultants to gain and maintain leading practices. Third party design review and cost review. | 1 | 2 | 2 | LOW |

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| 1f | Mandate Risk: City of Calgary objectives for urban densification and community renewal, infrastructure investment and placemaking is not met. | Projects do not align with shareholder vision while balancing financial measures. Loss of confidence or credibility to build or grow new communities by failing to meet both qualitative and quantitative measures. Projects are becoming more complex and risky. Mandate may no longer meet the needs of citizens if urban densification and large gatherings are no longer deemed a priority. Inability to conduct community programming due to COVID restrictions. | Loss of CMLC autonomy from the City of Calgary resulting from an inability to meet the mandate for community renewal. | Ongoing communications with the shareholder and community. Annual business planning and clear communication of goals to stay results oriented. Project decision matrix to support strategic decision making. Development of processes that can scale down for future smaller projects in response to the local economy. Continue to be innovative, produce tangible results and complete projects on budget and on time. Provide annual report to the Province. Strategic priorities and specific pillars under community building innovation and project execution excellence. | 1 | 1 | 1 | LOW |
| 2 | Environment, Health and Safety Risk: <i>Events arising from inadequate safeguards to maintain public safety, the natural environment and / or CMLC's human capital well-being.</i> | | | | | | | |
| 2a | Public Safety Incident: Risk of environmental, health or safety incidents resulting in harm to an employee or member of the public. | Increasing social issues in East Village and Victoria Park as a result of high unemployment, closure of public spaces and increased drug use as a result of the COVID Pandemic and local economy. Inadequate police presence and social support. Population density, demographic of inhabitants (short term rentals). | Serious injury or illness to a member of the public or staff. | Environmental, Health & Safety Committee meets to assess and improve our standards. Independent third party site audit on all our developer sites to ensure they are complying with the Health and Safety standards. Constant monitoring of sites by our Development team. Increased security and monitoring. Constant communication with social groups. | 1 | 3 | 3 | MEDIUM |

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| 3 | Operational Risk: Risks pertaining to the delivery of services. These could include risks involving human resources, controls and processes. | | | | | | | |
| 3a | Project Risk: Financial loss due to failure to implement strategic projects, within proposed time and budget estimates. | Development delays resulting from prolonged isolation mandates, illness outbreak at CMLC site and / or supply chain disruptions. Lack of project management maturity within the organization. Increasing material and labour costs (tariffs, supply chain disruptions, COVID fees). | Project delays resulting in increased long term cost and lower CRL in the short term. Impact to project quality and CMLC reputation. | Experienced resources and continuous monitoring of budgets. Variance analysis done regularly. Benchmarking to peers (insurance and salary), recruitment of experienced resources. Force Majeure contract clauses hold the developer accountable for project delays. Lunch and learns to expand project management maturity. Opportunities to accelerate projects and seek efficiencies resulting from COVID, such as increased development windows from lack of community events. | 1 | 2 | 2 | LOW |
| 3b | Growth Risk: Loss of ability to react quickly, inability to maintain high level of quality, innovation and credibility. | Rapid growth resulting from new projects and expanding mandate. Onboarding of resources who do not share the culture of the organization. Inadequate number of resources. | Loss of public confidence and credibility resulting in limited ability to grow. | Processes that can be scaled up/down with the size of the project. Use of external consultants to help meet staffing needs. | 2 | 1 | 2 | LOW |
| 3c | Cybersecurity Risk: Risks resulting from a cyber attack or data breach. | Lack of investment to secure IT infrastructure or train resources to identify and mitigate cyber attacks. | Financial and reputation loss. | IT consultant with an experienced team. Certificate on SMT signatures and spending authorization processes. | 1 | 1 | 1 | LOW |
| 4 | Reputation Risk: A situation, occurrence, business practice or event that has the potential to materially influence the public and / or external stakeholders perceived trust or confidence in CMLC. | | | | | | | |
| 4a | Project Partner Reputation Risk: Risk resulting from partner reputation being correlated with CMLC reputation. | High profile and influential partners with competing priorities that may not align with CMLC priorities. | Negative perception by stakeholders and the public. | Constant awareness and monitoring. | 3 | 1 | 3 | MEDIUM |
| 4b | Communications Risk: The risk that communication or lack of communication will result in inconsistent or ineffective | Multiple stakeholders, partners, and existing residents with various communications. Communications are not setting the right | Negative perception by stakeholders and the public, lack of credibility. Project delays, impact to project delivery. | Documented strategy on external communication by the organization. Continuous engagement & management of stakeholders and partners. Communication protocols in | 3 | 1 | 3 | MEDIUM |
| 4c | Independence Perception Risk: Public perception that Board members and / or management is biased when making procurement decisions. | Lack of proper documentation to support fair decision making, few suppliers. Interference in procurement process by stakeholders. | Delayed decision making, decreased ability to be nimble, lack of public confidence and credibility. Negative publicity and media attention resulting in negative public perception. | Properly documented procurement process with solid internal controls. Abide by the procurement standards under the NWPTA, through posting RFPs & RFQs on Alberta Purchasing Connection and Merx websites. Board members and management are mandated to declare conflict of interest. On an annual basis, staff are required to read and sign off on the employee handbook which contains the whistleblower policy. | 1 | 2 | 2 | LOW |

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| 4d | Brand Risk: Inability to meet increased expectations of the CMLC Brand. | Variety of projects with differing success criteria, increased scrutiny going forward. Growth of mandate to include construction & project management in addition to marketing and communications. Lack of public clarity on the role and mandate of CMLC. Inability to control messaging from community partners perceived to be associated with CMLC. Not being aware of current economic climate when planning programming. | Negative perception by stakeholders and the public. | Remain neutral on political issues. Remain humble - CMLC funding is not dependent upon competing against other companies, but rather on maintaining the brand and mandate. Events and communications aligned to current COVID climate. | 1 | 1 | 1 | LOW |
| 4e | Flood Mitigation Perception Risk: Risks resulting from perception that EV and EVP lack adequate flood control / mitigation infrastructure. | Lack of communications to change public perception that flood mitigation has been implemented. | Inability to attract desired developers to CMLC projects and inability to attract potential homebuyers and retail investment. | Infrastructure has been built to withstand a 1 in 100 year flood as evidenced in 2013. Continue to activate public places within the East Village and East Victoria Park for the public to attend and see the flood mitigation work around East Village and East Victoria Park. Continue to engage the public and communicate the minimal impact of the previous flood in East Village and East Victoria Park. | 1 | 1 | 1 | LOW |

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| 5 | Human Resource Risk: <i>Inability to attract, retain or properly train qualified individuals.</i> | | | | | | | |
| 5a | Corporate Culture Risk: Loss of corporate culture to be strategic, nimble, results oriented and adaptable. | Rapid growth, speed and scale of projects, and inability to attract or onboard resources to the corporate culture. Loss of ability to communicate and collaborate effectively. Resources who lack strategic, big picture personalities and skillsets. Remote work that impacts the ability to re-enforce the CMLC culture. | Inability to scale processes for the size and complexity of projects, inability to meet project quality criteria, loss of confidence by stakeholders. | Formal onboarding process. Seek a return to the office to support building and reinforcing the corporate culture for new hires. Hiring for the desired culture. Leaders who reinforce the desired culture. Weekly meetings to support communication, collaboration and sharing of ideas. | 2 | 2 | 4 | MEDIUM |
| 5b | Human Resource Capacity Risk: Risk that capacity of CMLC employees and contractors is inadequate to deliver on current and future projects. | Inability to attract, onboard and train experienced resources adequately to fill capacity needs and maintain current culture. | Resource burnout, inability to deliver quality projects on time and on budget to meet the needs of the community. Loss of ability to be nimble, operate intelligently and innovate. | Seek a return to working in the office to support communication and collaboration. Performance objectives are tied to the Strategic Plan. Investment in employees through social committee and funding during COVID, strong leadership at the SMT level. Professional development to build redundant skills, bringing experienced resources in-house. Succession planning for SMT as part of Pandemic Emergency Planning and long | 2 | 2 | 4 | MEDIUM |
| 5c | Succession Planning Risk: Risks resulting from a change in Senior Management Team. | Changes within the CMLC senior management leadership team. Inadequate succession planning for leaders within all areas of the organization. | Increased focus on project management and construction activities. Lack of mid-management leadership resulting in resources feeling over/under managed. | Succession planning in place for CEO. Continue to identify and create development plans for senior leadership and management team. Identify potential external candidates to fill key leadership roles. Re-organization to develop future leaders. Identify successors for Senior Management Team. | 1 | 3 | 3 | MEDIUM |
| 5d | Board Governance Risk: Ineffective Board. | Failure to follow recognized Board governance processes. New Board members. | Delayed decision making, failure to implement strategic objectives. | The Board committee mandates are reviewed on an annual basis and updated appropriately. Monthly Board meetings and quarterly committee meetings in which other corporate policies are reviewed. The board is appointed by the Shareholder at the AGM. Updated board terms included the board and board chair would now serve in staggered term (2 years with maximum 3 times reappointment, and 3 years with maximum 3 times | 1 | 3 | 3 | MEDIUM |
| 6 | Financial Risk: <i>Risks associated with operating and capital funds and budgets.</i> | | | | | | | |
| 6a | Financial Investment Risk: Loss of ability to attract investment. | Weak oil and gas, retail and hospitality industries impacting developer interest and development timelines. | Delayed completion of projects and resulting delays to capture CRL revenue. Inability to optimize financial returns. Inability to inspire vitality, interest, investment and development in Calgary neighbourhoods. | Financial commitments made from conservative forecasts of CRL. Accounted for a delay in start of projects which creates contingency in schedule. | 3 | 2 | 6 | MEDIUM |
| 6b | CRL Risk: Risk of lower than expected CRL revenue. | Lack of development activity from high downtown vacancy rates, and lower city tax assessments of commercial buildings in the downtown core. Lack of access to capital by developers or developer bankruptcies, delayed build activities and subsequent revenue. | Inability to fund growth, development plans and to re-pay debt. | Revenue budgets based on conservative revenue estimates. CRL forecast review conducted in Q2 2020 to account for current economic climate. Develop processes that can be scaled down for smaller projects. Work with banks to re-finance debt. | 3 | 1 | 3 | MEDIUM |

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| 7 | Legal/Regulatory Risk: <i>The risk of non-compliance with criminal, civil and common law including liability, negligence, fraud, breach of contract and tort.</i> | | | | | | | |
| 7a | Legal/Regulatory Risk: The risk of non-compliance with criminal, civil and common law including liability, negligence, fraud, breach of contract and tort. | Non compliance with existing policy and processes, lack of resources to adopt new policies and processes within reasonable timeframe. Historical obligations and commitments. | Legal expenses, negative impact to reputation. | Legal experts consulted for help. Adequate insurance coverage is in place and is reviewed annually. Appropriate internal controls exist and are reviewed by Audit Committee annually. All transactions and commitments are monitored and reviewed for any potential liabilities and loss to CMLC. Updated employee manual and policies maintained on Intranet. Each employee signs an acknowledgement form to show that they have read and understood the policies and guidelines. | 1 | 1 | 1 | LOW |
| 8 | Emerging Risk: <i>Inability to identify and respond to emerging trends which may be highly unlikely but with high impacts, or whose likelihood could grow very rapidly.</i> | | | | | | | |
| 8a | Prolonged Pandemic Opportunity: Opportunities resulting from a multiyear pandemic. | COVID pandemic and resulting economic and social opportunities. Accelerated projects to create jobs and take advantage of lower labour and material costs. New land & building acquisition opportunities | Realization of CRL sooner than forecast, positive reputation and greater ability to meet changing social needs. | Create a strategy that allows CMLC to take advantage of opportunities, stay nimble and don't over-commit. | NR | NR | NR | UNRATED |