

Re-thinking the Structure of the Principal Corporate Risks

The Integrated Risk Management (IRM) team has conducted a thorough examination of the top, most strategic risks to the organization, the Principal Corporate Risks (PCRs).

The review found there is an opportunity to create a new structure for the PCRs, with a planned update on implementation provided to the Audit Committee in 2022 January. The new structure would consist of dividing the PCRs into two groupings:

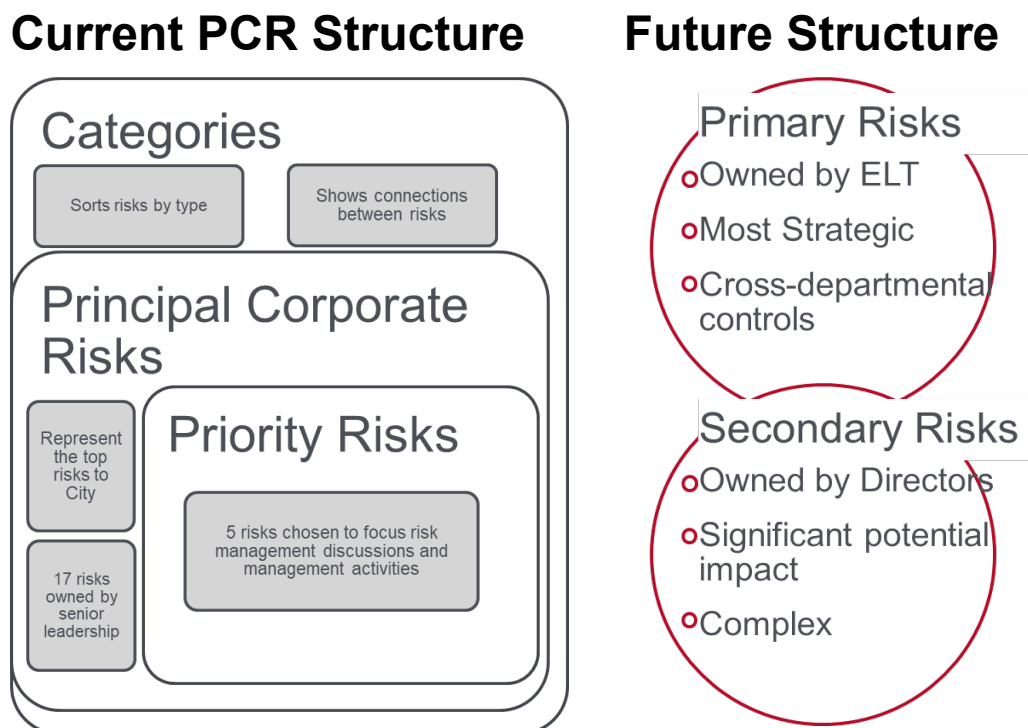
Primary Risks: owned by ELT members. These are the most strategic risks to the organization. Managing these risks requires complex, cross-departmental efforts.

Secondary Risks: owned by Directors. These risks, if materialized, would have a large impact to the organization but are not necessarily the most strategic or have the widest impacts. Managing these risks requires complex analysis and response strategies.

Re-evaluating and restructuring the PCRs will allow leadership the opportunity to determine whether the current PCRs are still the most strategic, relevant, and top risks to the organization. This effort can serve as a catalyst to do three things:

- 1) Show the connectivity between risks to a greater extent
- 2) Make PCR risk updates more impactful for decision makers
- 3) Expose and address any gaps in how we present risk currently

The difference between the current PCR structure and the future structure is shown below.



The proposed model will take a forward-looking perspective to adjust and align The City's top risks. It will encourage leading risk management practices, such as being proactive, having a clear and formal escalation process, and providing greater focus for The City's leadership.