

## THE CITY OF CALGARY'S PRINCIPAL CORPORATE RISKS

The Principal Corporate Risks are updated as of 2019 June 18 and are listed below in alphabetical order.

1. **Business Continuity Risk:** An interruption to an essential service provided to Calgarians caused by a vulnerability being exposed to a natural, technological, or human hazard.
2. **Capacity for Change Risk:** Increasing velocity, pace and quantity of change in the natural, social, economic and political environment, combined with limited flexibility of the organization to respond contributes to reduced capacity, preparation and experience required to implement new initiatives and adapt to changing priorities.
3. **Economic Risk:** Citizens and the business community face ongoing pressure due to the volatility of local and regional economies. This risk can impact demands for municipal services (including social supports), municipal revenue, and The City's priorities.
4. **Environmental Risk:** Potential increase in severe weather and climatic changes may cause disruptions to operations and service delivery. Corporate and community-wide greenhouse gas (GHG) emissions may not meet reduction targets for 2020.
5. **Financial Risk:** Lower general revenues and/or higher expenses than budgeted negatively impacts current and future operating budgets, service delivery, tax rates and our ability to adapt to growth and increases The City's reliance on debt.
6. **Growth Risk:** While growth carries many economic and social benefits, it is also a significant risk for The City because many services and infrastructure need to be in place prior to, or timed with, demand. This means The City must anticipate both the level and spatial pattern of growth. These risks can impact The City's capacity to deliver and provide infrastructure and services that meet city-wide demands.
7. **Health & Safety Risk:** Potential harm to City employees and contractors. This may result from non-compliance with health and safety regulations or an incident that could impact City employees/contractors and/or citizens, and expose the organization to potential financial and reputational risks.
8. **Infrastructure Management Risk:** The City owns and operates public infrastructure systems including water service, storm and sanitary sewers, roads, sidewalks, pathways, bridges and other structures and buildings. Ensuring that assets are in good, reliable condition is essential to keeping the city safe. The City is exposed to the risk of assets failing, particularly from inadequate lifecycle maintenance.
9. **Legal & Compliance Risk:** Law provides legal, governance, risk management, and issues management advice with respect to federal and provincial laws and bylaws. Advice is not always sought in sufficient time to allow a strategy to be developed or action to be taken on a proactive basis, resulting in the corporation having to react to issues or lawsuits. This can impair the corporation's ability to complete projects and conclude transactions on time, on

budget and within scope, and may result in financial losses or unnecessary business, legal, financial or reputational risk for The City.

10. **Operations, Process Risk:** Failure to ensure appropriate processes are in place to manage the complexity of operations.
11. **Partnership Risk (Civic Partners):** Counterparty risk arising from City partners unable to deliver services.
12. **Political Risk:** Changing priorities or actions of municipal, regional, or other orders of government paired with rapid changes in the natural, social or economic environment could result in funding challenges that may adversely impact The City's ability to deliver on citizen expectations.
13. **Reputation Risk:** Reputation risk is damage to the image of The City or negative perceptions by citizens or stakeholders as a result of actions of elected officials or City employees. This risk can threaten The City's ability to maintain positive and productive relationships with citizens, businesses, partners and the ability to achieve its corporate objectives.
14. **Security Risk\*:** A violent attack on or in City space could result in loss of life, serious injury as well as halting critical service delivery.
15. **Social Impact Risk:** Changes in demographics, economics, and expectations upon the municipal government may put pressure on, and could result in, an inability to respond to the needs of customers who rely on City social programs.
16. **Talent Management & Workforce Planning Vulnerability Risk:** Inability to attract, develop, engage and retain key talent and knowledge in order to meet current and future business needs.
17. **Technology Risk:** There is a risk to business disruption due to vulnerability or failure of applications. Rapid pace of emerging threats such as cyber-attacks (willful attack on public infrastructure, public safety, transportation, water treatment, system access, intentional damage, privacy breach, distributed denial-of-service attacks, etc.). Potential impacts include breaches of confidential information, and disruption to the availability of critical systems and applications, and the integrity of those systems.

\*Note: A complete description of the Security Risk is provided in Confidential Attachment 2.