



## **STAFF REPORT ACTION REQUIRED with Confidential Attachment**

### **TTC's Corporate Risks**

<b>Date:</b>	December 13, 2017
<b>To:</b>	TTC Audit and Risk Management Committee
<b>From:</b>	Chief Executive Officer
<b>Reason for Confidential Information:</b>	This report with confidential information contains information about the security of property of the TTC

### **Summary**

---

The TTC applies Enterprise Risk Management (ERM) to support the achievement of its strategic objectives. The TTC uses a structured approach for the identification, assessment and treatment of risk.

The TTC has established a Corporate Risk Review Process in order to ensure adequate risk oversight.

The confidential attachment contains a list of the TTC's Corporate Risks by Executive Committee and the TTC's Corporate Risk Heat Map.

This list of Corporate Risks is dynamic and is updated as we continue to identify and assess risks.

### **Recommendation**

It is recommended that the TTC Audit and Risk Management Committee:

1. Receive the confidential information as set out in the Confidential Attachment; and
2. Note that the confidential information as set out in the Confidential Attachment is to remain confidential in its entirety as it contains information about the security of the property of the TTC.

## **Financial Summary**

This report has no financial impact. Ultimately ERM will be used to prioritize funding requirements. The Business Case process will be used should additional resources be required.

## **Accessibility/Equity Matters**

There are no accessibility or equity issues matters arising from this report.

## **Comments**

To ensure adequate risk oversight, the TTC established a Corporate Risk Review Process which requires that all Corporate Risks be reviewed by the Executive Committee to which oversight has been assigned. These risks are identified by the Executive Team and Management during risk workshops and include any risks that could have a significant impact on the achievement of the TTC's strategic objectives.

Risks are assigned to committees based on the strategic objective at risk. The TTC has 7 cross-functional executive oversight committees comprised of Executives and Senior Level Management from across the organization. They are:

- Asset Management Executive Committee (AMX)
- Customer & Stakeholder Executive Committee (CSX)
- Finance & Administration Executive Committee (FAX)
- Project Review Board (PRB)
- People Executive Committee (PX)
- Risk & Governance Executive Committee (RGX)
- Safety, Security & Environment Executive Committee (SX)

The purpose of the Corporate Risk Review is to provide corporate risk oversight and eliminate organizational silos in decision making regarding significant risks. Since all relevant stakeholders are present during a risk review, representing various departments across the organization, adequate oversight and communication of the TTC's Corporate Risks is achieved. The result is that committees are assured that safety risks are being managed to a level that is as low as reasonably practicable (ALARP) and all other risks are being managed in accordance with the TTC's Risk Appetite Statement (Attached). The Committee provides feedback and recommendations in response to the review and may request the Risk Owner to provide future updates on the status of the risk, consult internal and external stakeholders and implement additional mitigation strategies.

To date the TTC has identified 48 Corporate Risks for review by Executive Committees. The table below shows the number of risks by committee and their status.

Executive Committee	Number of Risks by Status			Total
	Not Assessed	Assessing	Assessment Completed	
AMX	12	4	1	17
CSX	3	2	0	5
FAX	4	1	0	5
PRB	0	1	0	1
PX	1	2	2	5
SX	1	9	5	15
<b>Total</b>	<b>21</b>	<b>19</b>	<b>8</b>	<b>48</b>

## Contact

Mohamed Ismail, Principal Risk Advisor  
 Toronto Transit Commission  
 Tel: 416 393-2935  
 Email: [Mohamed.Ismail@ttc.ca](mailto:Mohamed.Ismail@ttc.ca)

## Attachments

1. The TTC's Risk Appetite Statement - 2017
2. Confidential Attachment

# Attachment 1

## The TTC's Risk Appetite Statement - 2017

---

The TTC's Five-Year Corporate Plan sets out the organization's priorities and commitments that support our vision towards a transit system that makes Toronto proud. The Plan guides the organization in the modernization of all aspects of TTC services and renewal of the culture, equipment and processes. To keep the TTC moving in the right direction, seven Strategic Objectives have been identified to help realize the vision.

The TTC defines "risk" as the effect of uncertainty on the achievement of our strategic objectives and risk management is central to optimizing our risk exposures. We acknowledge that in some cases risk must be encouraged and accepted in order to meet our strategic objectives. The amount of risk that the TTC is willing to take in order to achieve the objectives is termed our "risk appetite".

The TTC's risk appetite takes into account:

- The overall approach and philosophy to risk taking;
- The tolerance for uncertainty;
- The desired balance of risk versus reward; and
- The balance between the different objectives.

To communicate a common understanding of the TTC's appetite for risk, the TTC releases an annual risk appetite statement. It is the responsibility of Chiefs and Department Heads to communicate this statement across their groups and departments to ensure that decisions are informed and properly aligned with the corporate objectives and appetite for risk.

The TTC's approach is to minimize its exposure to safety, financial, assets and reputational risks, while accepting and encouraging an increased degree of risk in pursuit of its customer, people and growth objectives. The TTC recognizes that its appetite for risk varies according to the specific activity undertaken, and that its tolerance for risk is always subject to ensuring that potential benefits and risks are fully understood and that appropriate measures to mitigate risk are established. The following series of statements represent the TTC's risk appetite for each of the seven Strategic Objectives.

- **Safety** – Protecting our customers, contractors and employees, and minimizing our impact on the environment is paramount. The TTC is extremely conservative with regards to safety risk and requires that a comprehensive evaluation of risk scenarios be carried out and completely understood before risks can be tolerated. Safety is weighed above the achievement of all other objectives and only after a risk has been demonstrated to be as low as reasonably practicable (ALARP) will it be considered tolerable.
- **Customer** – The TTC is dedicated to delivering a transit system that values customers and provides services that meet or exceed customer expectations. The TTC strives to be an innovative leader in transforming the customer experience and recognizes that such transformation involves increased risk exposure. Therefore, the TTC will take strongly justified risks and will choose options with high returns while managing risk of failure. The TTC is committed to achieving its customer objective while maintaining a safe, financially viable operation, and guarding our reputation.
- **People** – The TTC is committed to cultivating an empowered, customer-focused workforce that values teamwork, pride in a job well done, and organization that actively develops its employees. The TTC has preference for safe delivery of people initiatives that support the culture change but

is willing to take compellingly justified risks if heavily out-weighed by benefits or if the impact is appropriately managed.

- Assets – The TTC is committed to effective and efficient management of assets that deliver reliable service in a state of good repair. The TTC is conservative with regards to assets risk. Options that put the achievement of our assets objective at risk will be accepted only if essential, and there is a limited possibility/extent of failure or if the impact is limited and heavily out-weighed by benefits.
- Growth – The TTC is committed to delivering an affordable expansion program that matches capacity to demand. The TTC, in its pursuit for innovative solutions, will take strongly justified risks and is willing to accept the risk with the proper risk management controls in place. While achieving our growth objective is important to us, we accept that there may be circumstances where we may need to tolerate some uncertainty in the interest of greater benefit across other strategic objectives.
- Financial Sustainability – The TTC is committed to delivering a well-run, transparent business that delivers value for money in a financially viable way. The TTC aims to ensure its long term financial viability by exercising a conservative risk taking philosophy. When faced with multiple options, the TTC will accept risks only if essential and have a limited possibility/extent of failure. The TTC will exceed these constraints if a financial response is required to mitigate safety or reputational risk.
- Reputation – Encouraging an organization that is transparent and accountable, well-regarded by stakeholders and peers, in which employees are proud to play a part of is essential to the TTC. The TTC will maintain high standards of conduct, ethics and professionalism and will not accept employee actions that cause reputational damage. The TTC recognizes, however, that transforming into a more transparent and open organization and setting challenging targets can lead, in some cases, to falling short of expectations. The TTC will accept such risk if limited and heavily out-weighed by benefits. Achieving the reputation objective is critical and is second only to safety.