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**2009 National Awards
in Governance**

GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY



“By seeking out and sharing governance innovation, the Awards give practical help, encouragement, and continuing impetus to finding ways to get the most out of governance.”

—Anne Golden, President and Chief Executive Officer,
The Conference Board of Canada



“These Awards distinguish themselves by recognizing innovation in all three sectors—private, public, and not-for-profit—that make up the Canadian economy and which so heavily impact every aspect of Canadian life.”

—Andrew J. MacDougall, President, Spencer Stuart



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2009 National Awards in Governance

Recognizing Governance Innovation in the
Private, Public, and Not-for-Profit Sectors

CONTENTS

- 2009 National Awards in Governance Advisory Board** iv

- Introduction** vi

- Private Sector Winner** 2
 - TransAlta 2

- Private Sector Top Contenders** 6
 - SNC-Lavalin Group Inc. 6
 - Talisman Energy Inc. 8

- Public Sector Winner** 14
 - Canadian Blood Services 14

- Public Sector Top Contenders** 16
 - Athabasca University 16
 - Business Development Bank of Canada 17
 - OMERS Administration Corporation 19

- Not-for-profit Sector Winner** 24
 - Saskatchewan Indian Gaming Authority 24

- Not-for-profit Sector Top Contenders** 26
 - The Ottawa Hospital 26
 - STARS 27
 - St. John’s Rehab Hospital 29

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INTRODUCTION

In 2001, The Conference Board of Canada and Spencer Stuart founded the National Awards in Governance to recognize and share the innovations of boards of directors and governing bodies that believe, as we do, that governance is a dynamic and critical element of their organizations' success. We are gratified at the interest shown in the 2009 Awards, measured both by the number and type of award applicants and by their quality.

Boards must now deal with globalization, domestic and international mergers, the value of the Canadian dollar, environmental issues, changing workforce demographics, and executive and board selection and compensation issues. For public and not-for-profit organizations, heightened service expectations with limited resources are also an ongoing challenge. These issues impact how boards assess and manage risks and opportunities, and demand innovation and creativity by directors.

The investment of both human and financial capital in governance makes it crucial that governance “make a difference” to organizational success and sustainability. Accordingly, in 2009, awards criteria for innovation have gone beyond “uniqueness” or “newness” or “creative application” to place emphasis on “boards that have achieved something important.” “Something important” achievements can vary across a broad spectrum, including how boards can operate in an “anticipatory mode” to take advantage of opportunities or mitigate risks (e.g., attending to potential takeovers, mergers, or other challenges), provide leadership for the organization to be effective in a global context, create organizational strength to meet stakeholder expectations on tough issues (e.g., executive succession, compensation), manage crisis, and lead needed organization transformation and many other key dimensions of organizational effectiveness and sustainability.

We consider creativity and innovation to be the embracing of uniquely new approaches or the application of proven approaches in new circumstances or sectors. Innovation requires leadership. The connection between innovation and excellence is implicit—an absolute criterion is that overall governance must be of a high order if an organization is to qualify for an Award. Each organization recognized in this booklet has achieved “something important,” demonstrated leadership, and created experience that can benefit others.

We extend our congratulations to the winners and top contenders in each sector, and to the overall winner. On behalf of our award sponsors—*The Globe and Mail*, Deloitte Touche LLP, Ogilvy Renault LLP, the DeGroote School of Business of McMaster University, the Institute of Corporate Directors, the Canadian Society of Corporate Secretaries, and the Institute for Governance of Private and Public Organizations—we also wish to thank all the companies and public and not-for-profit organizations that have applied for the Awards, invested in governance innovation, and excelled in so doing.

The Awards would not be possible without the willingness and commitment of an outstanding group of Canadian business, private, public, and not-for-profit sector leaders who serve as the Awards Advisory Board. Some members of the Advisory Board serve as independent sector adjudicators, and the Advisory Board as a whole selects the overall winner from among these sectors.



Private Sector



PRIVATE SECTOR WINNER

TRANSALTA

Innovation Topic: Creating a culture for sustainable success—Managing risk

TransAlta is Canada's largest investor-owned wholesale power generator and marketing company, with \$3 billion in revenue and \$7 billion in assets. The company's goal is to build on its strengths to become a super regional, Western Canada, and U.S. wholesale power company. In a capital-intensive commodity industry, TransAlta has demonstrated its commitment to a low-to-moderate risk business strategy by maintaining an investment grade balance sheet and balanced capital allocation plan, operating a diversified portfolio of generation assets, and focusing upon operational excellence and environmental leadership. Founded in 1909, TransAlta has transformed itself from an integrated, regulated, Alberta-based utility that historically generated electricity from coal and hydro facilities, to an international power producer that now also operates and/or invests in natural gas and geothermal assets, and is one of Canada's largest generators of wind electricity.

Important Thing Achieved

TransAlta's Board has contributed greatly to the company's long-term financial success, as well as to success as defined by many other measures, including sustainable development.

Excelling on many fronts means fulfilling the expectations of diverse constituents, and that requires exceptional governance so as not to be buffeted by the turbulence of the markets, the whims of analysts, or the allure of short-term gains at the cost of longer-term sustainability.

The Board's focus on enterprise risk management (ERM) helps to make that possible by providing a sound measuring stick by which Board decisions can be made in an anticipatory manner, strategies can be set, performance evaluated, and the company's future success ensured.

Evidence of Achievement

The Board's historic record is evident in the company's performance over the past decade. During this time—a period marked by industry deregulation and challenging credit and commodity markets, and during which many independent power producers went bankrupt—TransAlta both retained and improved its investment grade credit rating and increased its dividends.

More recently, the company has withstood considerable pressure from activist investors and navigated the recent financial market turbulence without significant change to its strategy, thanks, in part, to its approach to ERM.

ERM is now embedded as a systematic process within the organization and is a key factor in the Board's decision making. TransAlta's ERM model provides for an *ongoing review of risks* as opposed to singular "snapshots in time" taken in particular markets and circumstances. It is a process that provides information, insight, and intelligence for the Board, management, and staff that is as applicable in today's turbulent times as it was 6, 12, or 18 months ago.

In its application, TransAlta cites the importance of creditors in a capital-intensive industry and notes that earlier this year Standard & Poor's announced it would expand its ratings analysis of non-financial corporations to include a review of ERM. Standard & Poor's has said "they expect this initiative to enhance [their] analysis of management generally, identify differentiated capabilities of companies to respond



to adversity, and help make [their] ratings more forward looking.” Having implemented its current ERM model in 2007, TransAlta is confident its efforts will reflect positively in its ratings.

TransAlta also notes that with ERM in place, it can more confidently enter into contractual agreements with counterparties knowing that obligations can be met within a defined range of circumstances. Recent 25-year agreements to supply wind-generated power to the province of New Brunswick provide proof. In this instance, the company is expanding to Atlantic Canada—thousands of kilometres from its home base and its next nearest wind farm—and is working with a government with no experience in wind power. Despite the novelty for both parties, the company is at ease with its ability to deliver on its promise, thanks to a robust ERM that tests the assumptions made in its financial models, as well as those made in development and operational plans.

Because an effective ERM practice will also stratify risk over time, TransAlta also notes that it can better work with regulators that may take the resulting intelligence into consideration when rendering decisions that will impact the industry years into the future. TransAlta cites its ability to “work with” regulators as opposed to being “strictly regulated” by them as evidence of such success.

Underlying Governance Driver/Innovation

In TransAlta's 2006 *Annual Report*, Chair Donna Soble Kaufman made the Board's position quite clear:

“With TransAlta's growth plans articulated, the Directors wanted a clear understanding of how management is assessing and addressing the risk associated with those plans.”

In today's market, it is doubtful any board of a significant organization would dismiss the value of ERM outright. However, to the extent TransAlta makes it a priority in its deliberations and compels senior management to find the resources to make it happen, the organization's support is truly evident. TransAlta's Board made ERM a priority in its deliberations and ensured that senior management allocated the resources to make it so in a way that would produce the most value for the organization.

The Board's leadership in this regard is the central governance driver that underpins this Award, and that leadership is felt throughout the organization. Because, while the senior executive is still responsible for risk, teams of individuals—individuals who have to live with and mitigate the risk every day—are now the first to express their views on the impact of that risk and provide input on how it should be handled.

After all, to identify a risk is one thing. To do something about it requires action at the level at which the risk is best managed.



PRIVATE SECTOR TOP CONTENDERS (in alphabetical order)

SNC-Lavalin Group Inc.

Talisman Energy

SNC-Lavalin Group Inc.

Innovation Topic: Transparency and executive compensation

With revenue of approximately \$7 billion and 19,000 employees operating globally, SNC-Lavalin is one of the world's leading engineering, procurement, construction, and related technical services organizations, serving selected industry sectors and geographic markets.

Important Thing Achieved

Important achievements include building and sustaining a competitive enterprise operating on a global scale; confidence in the quality of governance by shareholders, creditors, and other stakeholders; and “value creation” stemming from the quality of governance and transparency as measured by corporate results. SNC-Lavalin directors have taken a broad approach to governance, based on value-creating governance initiatives centred around a highly effective and efficient Board, which is exceptional.

Evidence of Achievement

The corporation annually sets three key financial objectives: 1) income growth, 2) return on average shareholders' equity (equal to that of the Canada long-term bond yield plus 6 per cent, which totalled 10.3 per cent in 2007), and 3) a net cash position sufficient to meet its operational, financial, and investment plans.

For 2007, its net income was \$153 million, compared with \$158 million in 2006 (target not met); its return on average shareholders' equity was 16.5 per cent in 2007, above target of 10.3 per cent.

Underlying Governance Driver/Innovation

The submission notes that the cornerstone of SNC-Lavalin's governance system lies with the ability of the Board to play its strategic and risk oversight role while focusing on shareholder value and transparency in its governance processes and disclosure, in particular with respect to director disclosure and compensation. SNC-Lavalin believes that the quality of its internal governance initiatives and the clarity and transparency of its disclosure provide high-quality information to shareholders for assessing the calibre of its directors and the seriousness and quality of its governance regime. SNC-Lavalin's "governance initiatives have gone a long way in motivating management and staff in general to look beyond a 'check the box' methodology and dig down deep into the processes and the procedures that strengthen the company's abilities to be competitive. This allows the Board to devote a good portion of their time and efforts on their strategic and risk oversight roles, thereby driving company-wide performance."

The company has consistently ranked at or near the top of external corporate governance rankings. It continued this achievement in its last fiscal year, with a Canadian Coalition for Good Governance Award for Excellence in Direct Disclosure. SNC-Lavalin received the Canadian Institute of Chartered Accountants (CICA) Award of Excellence for Corporate Disclosure and obtained the highest average rankings by the CICA across all four judging categories in its industry:

- annual/financial reporting;
- corporate governance disclosure;
- sustainable development disclosure; and
- electronic disclosure.



Talisman Energy Inc.

Innovation Topic: Global risk management and corporate social responsibility

Based in Calgary, Alberta, Talisman is an international upstream oil and gas company, with 95 per cent of its production in three core areas: North America, the North Sea, and Southeast Asia. For the year ended December 31, 2007, Talisman had revenue of approximately \$8 billion.

Important Thing Achieved

Talisman's top achievement is creation of value for shareholders and stakeholders. Talisman has, and continues to be, a successful company. Since being established as an independent company in 1992, Talisman has grown its oil and gas production from 50,000 barrels of oil equivalent per day to 452,000 barrels of oil equivalent per day in 2007. Talisman has significant unconventional natural gas potential in its North American acreage. In the North Sea, Talisman operates more than 40 oilfields and has extensive exploration acreage in Norway. In Southeast Asia, Talisman has substantial long-life natural gas reserves and highly prospective exploration acreage. By understanding potential risks on a global scale, Talisman can take advantage of efficiencies of scale and help control costs, minimize its environmental footprint, foster employee and asset security and good working relationships, and position itself to be a partner of choice by other companies, governments, and communities. Maintaining its "social licence" to operate is viewed as fundamental to Talisman's ability to meet its long-term strategic objectives.

Evidence of Achievement

Talisman has recently been recognized by the UN Global Compact as a leader for its corporate social responsibility reporting. In April 2008, Talisman was ranked as a leader in the global oil and gas industry in revenue transparency reporting by Transparency International. Talisman is included in the Jantzi Social Index, Dow Jones Sustainability Index (North America), and the TSX 200 Climate Disclosure

Leadership Index. Talisman is the first Canadian company to join the Voluntary Principles on Security and Human Rights Plenary Group and the Extractive Industry Transparency Initiative. Recognizing Talisman's leadership in corporate responsibility, the Government of Canada invited a senior Talisman representative to serve on the advisory panel that oversaw the 2006 National Roundtables on Corporate Social Responsibility. Talisman was the only oil and gas company on the advisory panel, which consisted of representatives from industry, civil society, labour, and academia. Quantitative health, safety, and environmental indicators (produced for management and the Board); the ability to attract and retain outstanding employees and directors; and the capacity to support health, safety, and environmental activities on a global basis were also noted as evidence of achievement.

Underlying Governance Driver/Innovation

Building and implementing a global risk assessment framework is made possible by the recognition that governance is a risk management and mitigation tool that must apply to Talisman as a global organization, rather than just in its corporate activities. To support these risk management and risk mitigation efforts, Talisman focused its attention on various processes and programs ("components") that, as a whole, form its risk assessment framework. Its approach is innovative in that it integrates governance initiatives into day-to-day operational activities, and has implemented them on a global scale.

Some, but by no means all, of the components of Talisman's global risk assessment framework are these:

- **Board succession activities.** The international experience of Board candidates is one of the qualities assessed in the Board succession matrix. Talisman's Board currently has 11 members, all of whom have some degree of international experience and 7 of whom have experience in international exploration and production activities.



- Board oversight activities. Talisman's Board has determined that the oversight of company risk is fundamental to the Board's oversight role and, therefore, is not delegated to a committee. Thus, the full Board, at each regularly scheduled meeting, considers global strategy. Any consideration of "new country entries" is also completed by the full Board as part of a more rigorous process (see the discussion of risk assessments below). Regular Board discussions are supplemented by an annual global risk paper, which identifies and discusses the company's principal risks.
 - Policy on Business Conduct and Ethics. Since being formed as an independent company in 1992, Talisman has maintained and updated its Policy on Business Conduct and Ethics (PBCE). This policy is a statement that applies to all employees, officers, and directors of Talisman and its subsidiaries in determining ethical business conduct. Breaches of this policy are dealt with in accordance with employment standards and the company's progressive discipline procedure. In 2008, Talisman's PBCE was updated following comprehensive review and best practice analysis. Launched in January 2009, the new PBCE includes stronger statements regarding human and Indigenous rights.
 - Online ethics training. In January 2009, Talisman launched a new version of its online ethics training course that is based on Talisman's PBCE and addresses the company's values, policies, and guidelines. The training provides examples of ethical dilemmas with respect to conflict of interest, human rights, accounting practices, and other ethical challenges employees may face during the course of Talisman's business. The training provides employees and directors the opportunity to review the company's expectations for ethical behaviour and to apply ethical decision-making skills to their everyday activities as they relate to Talisman's operations.
 - Risk assessments for new investments or new country entries. For each significant acquisition or new country entry, two types of risk assessments are presented for consideration by management
-

and the Board. The first assessment is a traditional technical and economic review. The second assessment reviews non-traditional risks such as human rights; security; political stability; reputation; ethical business conduct; employment practices; health, safety, and environment; and community relations.

- Adoption of a Security Policy. In 2004, Talisman updated its Security Policy. The objectives of this policy are to assist Talisman in creating a safe work environment for its employees and assets; in promoting respect for human rights; and in advancing best practices with governments, joint-venture partners, and third parties. One of the most fundamental principles in the Security Policy obligates Talisman to conduct itself in accordance with the Voluntary Principles on Security and Human Rights.
- Incorporation of its Security Policy in international operating agreements. Talisman's joint operating agreement (JOA) guidelines for various international operations state that all JOAs should include Talisman's Environmental and Community Relations Guidelines and a commitment to the Talisman Security Policy or the Voluntary Principles on Security and Human Rights.
- Reporting of corporate responsibility initiatives and impacts. Talisman annually reports its traditional governance activities in its management proxy circular. For the past eight years, it has also produced a corporate responsibility report that not only measures process and management systems, but describes its corporate impact and performance. Its corporate responsibility report, *Global Reporting Initiative (GRI)*, is independently reviewed by PricewaterhouseCoopers LLP.





Public Sector



PUBLIC SECTOR WINNER

CANADIAN BLOOD SERVICES

Innovation Topic: Corporate transformation and building stakeholder trust

Canadian Blood Services operates Canada's national blood system. With revenue of over \$900 million, its 4,700 employees and 17,000 volunteers collect approximately 950,000 units of blood annually and process it into the components and products that are administered to thousands of patients each year.

It also manages the One Match Stem Cell and Marrow Network, whose mission is to secure, in an expeditious way, donors for patients requiring stem cell transplants, both in Canada and in the international community. Canadian Blood Services also has an active research and development portfolio to ensure that Canada is well positioned to be a leader in transfusion medicine.

Important Thing Achieved

The important achievement of the Canadian Blood Services' Board governance is the success of its transformative role—rebuilding the efficacy, stakeholder trust, service delivery model, donor and customer satisfaction, and transparency for a vital national health service following systemic failure of the blood supply system in Canada.

Evidence of Achievement

The following are indicative of the above noted achievement:

- Service delivery capability. Delivery model reworked from decentralized non-integrated (16 centres) to a single national supply chain supported by shared services and appropriate technology, a national inventory of products, equitable national access to products, and stable costs.

- Blood collections. Increased by 30 per cent, providing stable capacity to meet more than 98 per cent of demand (improved from less than 80 per cent).
- Induction into Balanced Score Card Hall of Fame for Strategy Execution (one of two public organizations worldwide).
- Advanced from 25 per cent to 78 per cent blood donors' support for system.
- Advanced from 56 per cent to 75 per cent of Canadians who believe blood transfusion is safe.
- Ninety-nine per cent of hospitals satisfied with service.
- As a measure of trust, asked by governments to expand its mandate to include organ and tissue donation.

Underlying Governance Driver/Innovation

The underlying governance driver that has contributed to Canadian Blood Services' achievement is its Board's focus on mission and its key success drivers, and the adoption and fostering of performance measurement and management processes (e.g., balanced score card, chief executive officer evaluation process). A further governance driver has been the ability of the Board to move from an operationally oriented Board (in early days of rebuilding) to an effective oversight role in the organization's post-transformation period.



PUBLIC SECTOR TOP CONTENDERS (in alphabetical order)

Athabasca University

Business Development Bank of Canada

OMERS Administration Corporation

Athabasca University

Innovation Topic: Role of governance in institution building

Athabasca University (AU) is a publicly funded institution of the Province of Alberta and reports to the government through the Minister of Advanced Education and Technology. Through the *Post-secondary Learning Act*, the government authorizes Athabasca University Governing Council (AUGC) to grant degrees and govern its own affairs. Members of AUGC are appointed under Order-in-Council of the Lieutenant-Governor of Alberta. AU's main campus is in the town of Athabasca, with academic and administrative centres in St. Albert, Edmonton, and Calgary, and has 37,000 students (63 per cent study full time). The institution has a unique mandate—a new university paradigm; it is dedicated to removing barriers that restrict access to, and success in, university-level studies and to increasing equality of educational opportunity for adult learners worldwide.

Important Thing Achieved

Achievements include building, gaining acceptance for, and sustaining an organization based on a business/service delivery model that is unique within its industry/sector, and meeting the test of gaining high credibility (on a par or exceeding that of other educational institutions with a traditional model) for the institution.

Evidence of Achievement

In total, 260,000 students have registered in AU's individualized courses and programs since the university was created by the Government of Alberta in 1970. Moreover, it is the first Canadian university to

be fully accredited in the United States. It has secured articulation agreements with a wide range of universities across Canada. Seventy-four per cent of graduates are the first in family to earn a degree, and the university enjoys a 96 per cent approval rating by students. It is among the lowest-cost universities to attend. There is direct correlation between the high-quality, innovative leadership provided by the AUGC and the university's mission of success. The Alberta government's Board Governance Review Task Force found AUGC currently meets or exceeds the new standards put forth in its draft Public Agencies Governance Framework.

Underlying Governance Driver/Innovation

To achieve this, AUGC members determined the need to attract high-quality members who would exercise rigorous oversight and strong, innovative leadership in close partnership with senior management—not just a figurehead board. To develop and perpetuate such a board, a set of innovative internal governance structures was adopted that would develop council composition, fill gaps, continually monitor performance, build organizational effectiveness, enhance performance, and build a dynamic working relationship with university management.

Among these tools are policies and frameworks for AUGC succession planning, gap analysis, AUGC assessment, AUGC training, and meaningful information on which to support decision making.

Business Development Bank of Canada

Innovation Topic: Board recruitment and engagement

The Business Development Bank (BDC) is a federal government-owned financial institution that provides tailored financial, venture capital, and consulting services for Canadians who are creating and growing businesses. It has assets of \$11 billion, revenue of over \$500 million, and 1,700 employees working at 94 branches.



Important Thing Achieved

BDC's important achievements include effective, responsible, and efficient fulfilment of a parliamentary mandate to support Canada's entrepreneurs, balancing a Crown corporation's need for the autonomy to succeed in the marketplace with Parliament's need to oversee what it is doing, as well as ensuring (in an environment where outside pressures are significant) that the corporation remains mission- and mandate-focused.

Evidence of Achievement

- BDC has had success in returning employee engagement to high levels.
- Negative media coverage is down to negligible levels.
- There are no significant reputational risk issues.
- BDC is unaffected by the asset-backed commercial paper crisis.
- The Office of the Auditor General of Canada and Treasury Board of Canada Secretariat recognize the improvements to the Board recruitment process.
- The Canadian Institute of Chartered Accountants gave the corporation's annual report the award of excellence for large Crown corporations.
- For the past three years, BDC has been named one of Canada's Top 100 Employers. Last year, BDC was also selected as the first and only Canadian employer to make a prestigious global list of Top Companies for Leaders.

Underlying Governance Driver/Innovation

For BDC, achieving good governance meant improving board recruitment practices. To do so, BDC used private sector recruitment practices. Specifically, the Board defined the skills and competencies that it requires, used a public recruitment process to find candidates who met these profiles, and offered their names to the Minister of Finance for approval. Using this process (and a variation thereof), the

BDC Board selected—and received ministerial and Governor-in-Council approval for—a new chief executive officer in 2005, a new chairman in 2007, and new board members in 2008.

OMERS Administration Corporation

Innovation Topic: Corporate transformation

As one of Canada's largest pension plans, OMERS Administration Corporation provides pensions to more than 380,000 active and retired members and about 910 employers through a primary pension plan, a retirement compensation arrangement, and most recently, a supplemental pension plan for police, fire, and paramedic employees (the "Plans").

Important Thing Achieved

The turmoil in the public investment markets in 2001–02 caught OMERS, along with other pension plans, in a "perfect storm" of deficits and increasing liabilities. To reduce the chance of this happening again, OMERS introduced a bold and innovative strategy to expand its private market investments. This created some additional challenges, as OMERS found itself facing a regulatory review and increased stakeholder scrutiny as it implemented an investment strategy designed to reduce exposure to the public markets.

Combined with these significant issues, new enabling legislation passed by Ontario in 2006 to create an autonomous corporation giving control over plan design and other matters to sponsor groups that represent members and employers gave impetus to the need for change, and the organization began to transform itself to achieve the success and quality of investment returns expected by its stakeholders. OMERS recognized the role that governance excellence would play in successfully making the needed transformation possible, and it made concerted efforts to pursue a new level of excellence, culminating in a formal, comprehensive Governance Reform Project initiated in spring 2007. Today, the



organization has overcome its challenges and is achieving a strong level of stakeholder satisfaction. It is also more effective in pursuing its mission on behalf of its members.

By adopting private sector standards and customizing practices and approaches to suit the needs of the Plans and its stakeholders, the Board of Directors set as a goal at the Governance Reform Project's outset to gain tangible, public recognition for the quality of governance it believes the Plans' members deserve.

The achievements described below have positioned OMERS Administration Corporation to be able to embark successfully on a new and bold strategic direction that is focused on leveraging organizational capabilities on a global basis and assuming a more proactive leadership role in the pension industry within Canada and around the world.

Evidence of Achievement

Before June 2006, when OMERS was declared autonomous from the Ontario government (which had acted as the Plan sponsor since its inception in 1963), OMERS operated as a public sector organization. Since then, it has functioned without government involvement, competing with an array of private sector investors and other large investment firms, as well as pension plans and global wealth funds for investment opportunities. Today, the Board of Directors, in partnership with management and working with the OMERS Sponsors Corporation, is delivering on OMERS Administration Corporation's pension promise by fulfilling its collective fiduciary duties efficiently as a team. OMERS Administration Corporation's investment returns have been first quartile for the past one-, three-, and five-year terms. The new governance dynamics and processes at OMERS position it to take advantage of the increasingly competitive investment climate in real estate, infrastructure, and private equity, enabling OMERS to continue to deliver top returns. Similarly, Plan member satisfaction with its services is high.

These achievements have had a significant impact throughout the organization in enhancing trust and accountability and promoting a strong team environment. This success has been validated by the increased confidence OMERS Administration Corporation employees have in the organization's leadership, as demonstrated by a 20 per cent improvement in the results of the Hewitt Employee Engagement survey over the same two-year period during which the Government Reform Project took place (with 99 per cent of the organization's 500 employees responding to the survey). In December 2008, Hewitt announced that OMERS was one of Canada's top 50 employers in the small and medium-sized category.

Underlying Governance Driver/Innovation

In June 2006, a newly created OMERS Sponsors Corporation took over the duties of the sponsor, which are to oversee Plan design and determine contribution rates. Responsibility for the management of investments and administration of the Plans was assumed by OMERS Administration Corporation. The Board of Directors of the predecessor corporation became the Board of Directors of OMERS Administration Corporation. This bicameral governance structure was intended to allow for greater stakeholder engagement, while affording opportunities for substantial governance reform. The achievement of the Board of Directors of the OMERS Administration Corporation was transformational; the Board's deliberations had sometimes been fractious, politicized, and easily sidetracked by external events. When the close links and direct accountability to the Ontario government were removed, the OMERS Administration Corporation Board launched a two-year initiative to adopt a more professional and collaborative form of governance focused on meeting OMERS Administration Corporation's mission and tough market challenges. In doing so, the Board provided the necessary leadership to ensure a new board culture prevailed and permeated the organization to produce improved business results for the benefit of Plan members.





Not-for-Profit



NOT-FOR-PROFIT SECTOR WINNER

SASKATCHEWAN INDIAN GAMING AUTHORITY

Innovation Topic: Establishment of cultural principles as a basis for organizational effectiveness

The mandate of the Saskatchewan Indian Gaming Authority (SIGA) is to create opportunity in the areas of employment, economic development, and positive financial returns for First Nations people. SIGA operates six casinos in Saskatchewan. It was created in 1996 as a non-profit organization that now has a staff of 2,000, with 65 per cent being First Nations people. To date, it has generated revenues of over \$1 billion and net profits of \$340 million, while investing \$2.25 million annually in the First Nations Addiction Rehabilitation Foundation.

Important Thing Achieved

The key achievement of SIGA's Board that is being recognized is how effectively SIGA meets its mission goals and the way that effectiveness has been secured; namely, by SIGA's relevance and responsiveness (based on core values) to its beneficiaries, employees, regulators, and stakeholders. A further element of achievement is the high level of stakeholder confidence that has been established.

Evidence of Achievement

The following are indicators of SIGA's achievement:

- rising from a start-up company 12 years ago to its current state of 2,000 employees and annual revenues exceeding \$200 million annually;
- supporting First Nations economic development through a three-year major capital expansion in partnership with Saskatchewan First Nations;
- significant net earnings (\$340 million) returned to beneficiaries;
- significant increase in employment over a 12-year period, to

1,100 First Nations people;

- judged by provincial auditor as “a model organization with respect to probity and propriety”;
- one of the Top 35 Companies in Saskatchewan;
- one of the Top 15 Employers in Saskatchewan; and
- recognized as Business of the Year (Tourism Saskatchewan and *SaskBusiness Magazine*).

Underlying Governance Driver/Innovation

SIGA, led by its Board, has been innovative by adopting the cultural principles of its shareholders as the basis for formulating its core policies and its approach to its governance and business. SIGA has developed a governance framework with policies and procedures that are consistent with the best business and governance practices in Canada. However, more importantly, the governance framework also aligns with the organization’s five guiding principles, allowing SIGA to retain its identity and culture as a First Nations business.

SIGA’s most notable innovation is that its governance and operations are grounded in First Nations beliefs and way of life. As a First Nations organization employing First Nations people, SIGA has adopted five principles (from the book *Treaty Elders of Saskatchewan*) that encourage balance while incorporating traditional aspects of First Nations culture. These principles define SIGA’s values as an organization and guide the way SIGA conducts business. Tâpwêwin, Pimâcihowin, Miyo-wîcêhtowin, Miskâsowin, and Wîtaskêwin are key reference points in setting corporate objectives and guiding decision making. (See box “Key Reference Points” on page 31.)

Also, although not required to do so, SIGA adopted the Canadian Securities Administrators Canadian Standards Association National Policy 58-201 on Corporate Governance Guidelines and National Instrument 58-101 on Governance Disclosure Rules. SIGA benchmarks itself against these standards and reports compliance as a scorecard in its annual report.



NOT-FOR-PROFIT SECTOR TOP CONTENDERS (in alphabetical order)

The Ottawa Hospital

STARS

St. John's Rehab Hospital

The Ottawa Hospital

Innovation Topic: Organizational transformation and rebuilding trust

The Ottawa Hospital is one of the largest academic health sciences centres in Canada and provides patient care, conducts research, and teaches health care professionals. Its budget is approximately \$1 billion, and it has 13,000 employees and physicians located at three sites, with 1,200 beds.

Important Thing Achieved

The transformation of a large organization from crisis and chaos to one that is respected for its leadership and innovation for high quality and patient safety is the singular achievement of the Board and management of this organization. This achievement extended to the rebuilding of government–community and employee–physician trust, confidence, respect, and the capacity of the organization to manage successfully the exigencies of a major merger (whose aftermath had led to a public crisis of confidence in the institution). These high levels of trust and respect have, in turn, given the institution an ability to respond to patient/stakeholder needs and created a basis to sustain success in the future and be viewed as a leader.

Evidence of Achievement

Achievements include the capacity to secure financial resources (donations over \$100 million) and make major investments in state-of-the-art facilities (\$0.5 billion); achievement of financial stability (budgets balanced); successful recruitment of world-class

medical and research professionals; selection by the Canadian Foundation for Innovation to receive a large grant for excellence in research—only 8 of 39 research hospitals were selected; its quality plan, cited by the Canadian Council on Health Facilities Accreditation as a “leading practice”; employee satisfaction (measured by survey) up materially; expertise of the hospital called upon by the Ministry of Health to assist other hospitals; and community no longer divided over health care.

Underlying Governance Driver/Innovation

Three parallel and simultaneous governance elements drove the transformation process: Board appointments based on skill/competence; adoption of innovative means (developed a unique approach to establishing a quality plan in an academic health sciences centre) to set direction and exercise accountability; and creation of a trust relationship with senior management. What emerged was a disciplined (adopted Board best practices) and generative approach by the Board that in turn was integral to creating and sustaining the environment, energy, and focus that were essential to this institution’s transformation and to building the trust relationship with management and stakeholders.

STARS®

Innovation Topic: Enterprise Risk Management as a core driver of organizational effectiveness

STARS (Alberta Shock Trauma Air Rescue Society) is a registered charitable organization providing airborne intensive care to critically ill and injured patients in Alberta and eastern British Columbia. Emergency medical communications, patient care and transport, education and research, fundraising, and community partnerships are the pillars of the STARS program. Since it began in 1985, STARS has flown over 17,300 missions. With an overall budget of \$30 million, approximately 80 per cent is raised through donations, sponsorships, and specific revenue-generating initiatives such as industry site registration,



direct mail, and annual lottery and calendar campaign initiatives. The STARS Foundation, a separate legal entity, is the fundraising arm of STARS.

Important Things Achieved

The Society's top achievement is organizational and mission effectiveness and stakeholder trust. This is an organization that is well prepared to adapt successfully to a changing, multi-faceted environment, including profound change in organization of the health-care system, rapid technological change, and the maintenance of strong confidence in the organization's effectiveness and level of excellence. Effective risk management is of utmost importance for patient care and for patient and crew safety.

Evidence of Achievement

- continued exemplary safety record in carrying out over 17,000 accident-free air medical missions since inception in 1985 in providing air medical transport for the critically ill and injured patient—safety is a core value;
 - strong financial support from the community to sustain the organization's mandate, notably within the context of the recent significant changes to the health-care system in Alberta;
 - recognition internally that all play a part in safety and risk management—this is very important to crews and to their families;
 - opportunity to leverage innovation, opportunity, and collaboration in providing care with partners;
 - importantly, as a result of risk management processes and collaboration with partners, minimization of the response time to highly skilled critical care for critically ill and injured in a safe and effective manner; and
 - ability to work collaboratively with stakeholders to provide critical care, develop education and training programs, provide a strong medical referral model in facilitating and coordinating care, and to determine outcome measures. Organizational
-

evaluation measures and metrics are in place. STARS is currently working with the provincial health system to put system outcome parameters in place.

Underlying Governance Driver/Innovation

The Society and Foundation boards' determination to continue to set the bar for a high-performance, effective organization in providing care to the critically ill and injured (including emergency communications and clinical education) led to the focus on risk management as a vehicle to ensure the success, mission effectiveness, and sustainability of the organizations into the future. In this context, the boards recognized challenges arising from the implementation of new technology helicopters, the high-risk/high-impact consequence environment of medicine and aviation, increasing organizational complexity, and the need to protect a strong positive safety reputation and to sustain significant financial and volunteer support from the community. In light of the foregoing, the boards focused on and led the advancement of an integrated enterprise-wide risk management approach, including the innovative practice of collaborating with a North American network to share training, experience, and best practices in a formalized manner.

St. John's Rehab Hospital

Innovation Topic: Anticipatory governance/effective merger management

St. John's Rehab Hospital is a 160-bed specialized rehabilitation hospital and is Ontario's only dedicated burn rehabilitation centre and Canada's only organ transplant rehabilitation centre.

Important Thing Achieved

The Board succeeded in positioning the organization (and, in so doing, acted in an anticipatory mode) to meet challenge effectively and exploit opportunity in the context of an anticipated consolidation/merger environment and, once the prospect materialized, engaged



and provided leadership to manage successfully the outcome for, and impact on, the organization and its sustainability. St. John's Rehab Hospital emerged from the process as a stronger organization.

Evidence of Achievement

St. John's is one of the first hospitals in Ontario to have implemented a Local Health Integration Network–approved integration project. It also has a direct causal relationship between Board engagement and leadership and the successful outcome of a key challenge/opportunity.

Underlying Governance Driver/Innovation

Several factors underlie St. John's success: a combination of focus on, and investment in, education to help the Board effectively adopt an anticipatory outlook; establishment by the Board of strategies that anticipated the integrative environment it was entering; alignment of Board and management focus relative to the strategies adopted; engagement of stakeholders by the Board; and creation of a trust environment between the Board and key stakeholders/partners.

KEY REFERENCE POINTS

Tāpwēwin: Speaking with precision and accuracy

Traditional laws place a duty and obligation on people to speak the truth in matters where spiritual traditions and ceremonies are used in the process of making decisions. For SIGA, from a business perspective, it means we must be accountable and transparent, and conduct business with integrity, honour, and discipline.

Pimācihowin: Making a living

Pimācihowin is a concept that is fundamental to traditional teachings regarding the sources of life—it is both spiritual and tangible—encompassing humankind’s responsibilities and the spiritual powers associated with the use of lands and resources to make a living and to grow spiritually. Pimācihowin stresses the importance of making a living and is today’s realization of our First Nations treaty relationship.

The financial and operational success of SIGA provides the means to use a holistic approach to improve the quality of life for our people and the province of Saskatchewan.

Miyo-wicēhtowin: Getting along with others

Getting along with others, fostering good relations, expanding the circle—Miyo-wicēhtowin is about human relationships and the ways in which relationships are created, nourished, reaffirmed, and re-created to strengthen the unity among all people. It is the essential element underlying peace, harmony, and good relations as required of humankind by the Creator. Miyo-wicēhtowin is about the way SIGA interacts with its internal and external stakeholders—by conducting business in a manner that reflects First Nations hospitality, traditions, and customs.

SIGA can foster good relations with its customers. Guest satisfaction is crucial to success. For SIGA, familiarity with First Nations heritage can become a source of competitive advantage.

Miskāsowin: Finding one’s sense of origin and belonging

Miskāsowin represents the value of finding one’s sense of origin and belonging. A fundamental goal of SIGA is to bring about a positive sense of origin and belonging. This value speaks to instilling a sense of pride in ourselves and in our province’s First Nations heritage.

Witaskēwin: Living together on the land

Living together on the land is the fundamental value conveyed by the word “Witaskēwin.” SIGA’s vision, “Sharing Success,” speaks to the concept of sharing our land or, in today’s terms, sharing resources.

This value directs us to give back to the communities where SIGA has operations and where SIGA employees live.



The Conference Board of Canada
Insights You Can Count On



255 Smyth Road, Ottawa ON K1H 8M7 Canada
Tel. 613-526-3280 • *Fax* 613-526-4857 • *Inquiries* 1-866-711-2262

www.conferenceboard.ca