



GOVERNANCE IN ACTION:

**Managing Risk, Leadership,
and Disruption**





PD WORKSHOP

AI for Management Consultants: Back by Popular Demand!

- After a series of successful, sold-out workshops, we're bringing it back, and expanding it.
- Join us on Friday, June 20 at 11:00 AM EST for a power-packed 4-hour live session.
- This workshop is built for consultants who are ready to stop reading about AI and start using it.
- We'll walk through a real-world CRM selection case and apply tools that elevate your consulting workflows from research to delivery.

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Workshop Details:



Date: Friday June 20, 2025



Time: 11:00 AM – 3:00 PM EST



Format: Online via Zoom



June 2025

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July 2025

SUN	MON	TUE	WED	THU	FRI	SAT
		1	2	3	4	5
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27	28	29	30	31		

August 2025

SUN	MON	TUE	WED	THU	FRI	SAT
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3	4	5	6	7	8	9
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31						

FCMC Nominations OPEN 2025

FCMC

Do you know a Certified Management Consultant (CMC) whose contributions to the profession have been *truly unique and significant*?

What makes a strong Nomination?

- ✓ Clear demonstration of breadth, depth, and impact
- ✓ Measurable contributions and leadership examples
- ✓ Proof of ethical conduct and professionalism
- ✓ Compelling testimonials from clients

Nominations Close June 23, 2025

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WHAT IS AN FCMC?



- ✓ An FCMC is **Exceptional**
- ✓ Whose contributions to the consulting profession are **Unique and Significant**
- ✓ Whose peers and colleagues see as a **Role model**
- ✓ Whose clients seek for their **Professionalism and personal integrity**

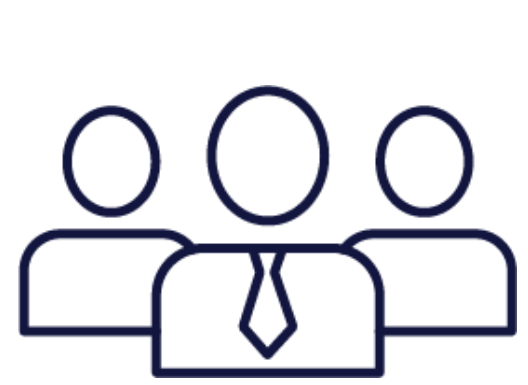


Nominations Now Open

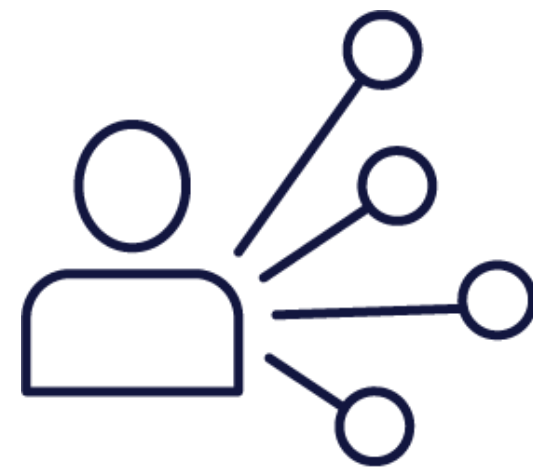
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WHY JOIN?

MEMBERSHIP CONNECTS YOU



CONSULTANTS



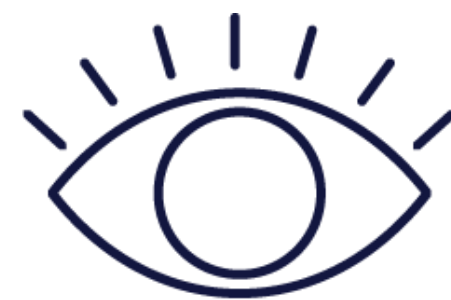
NETWORK



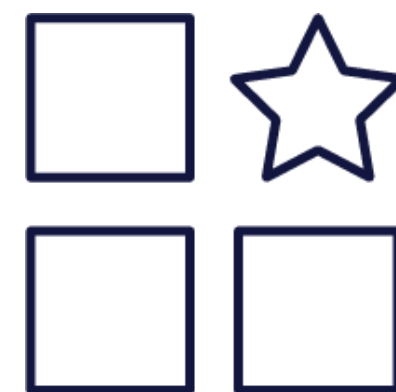
RESOURCES



CERTIFICATION

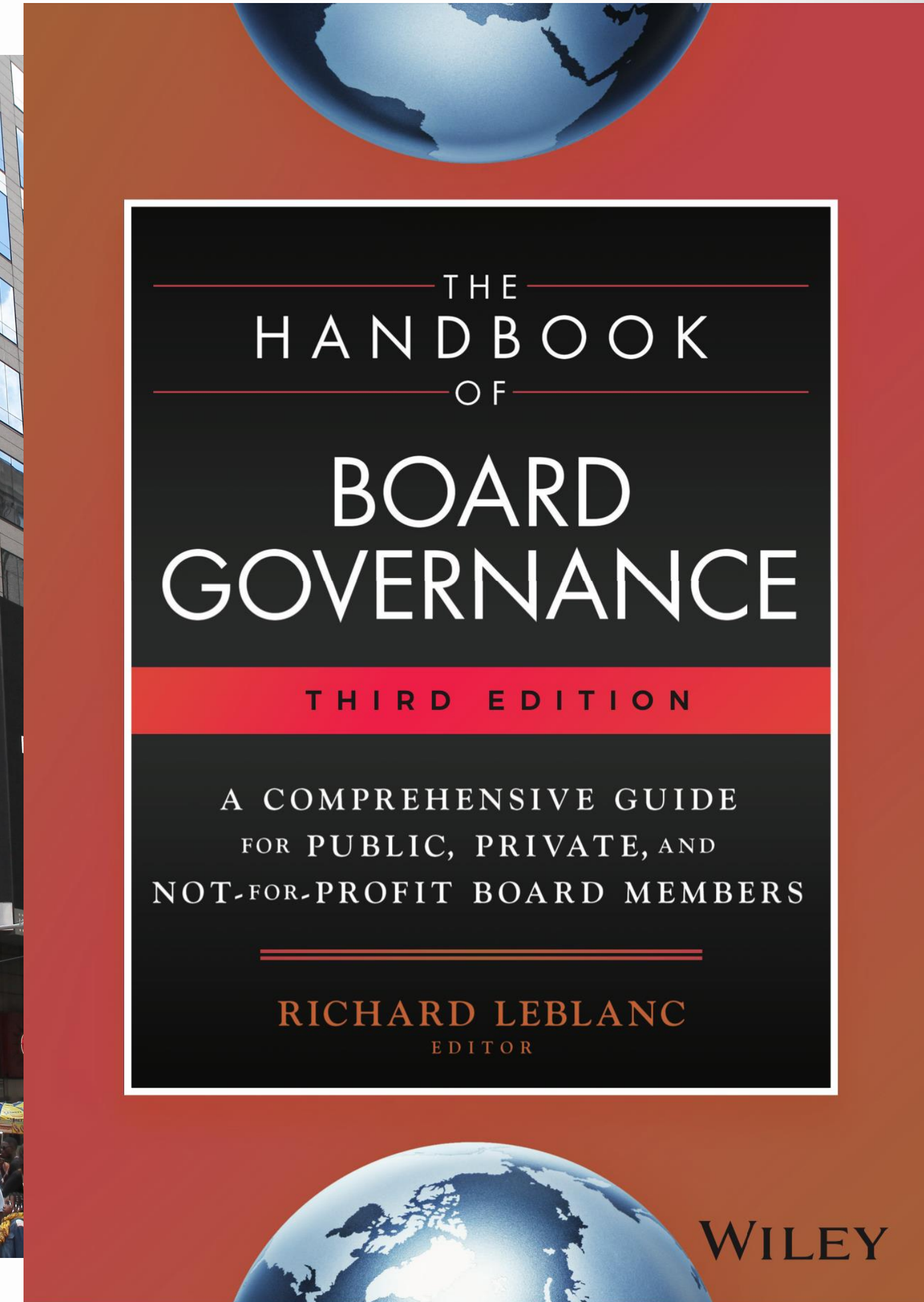
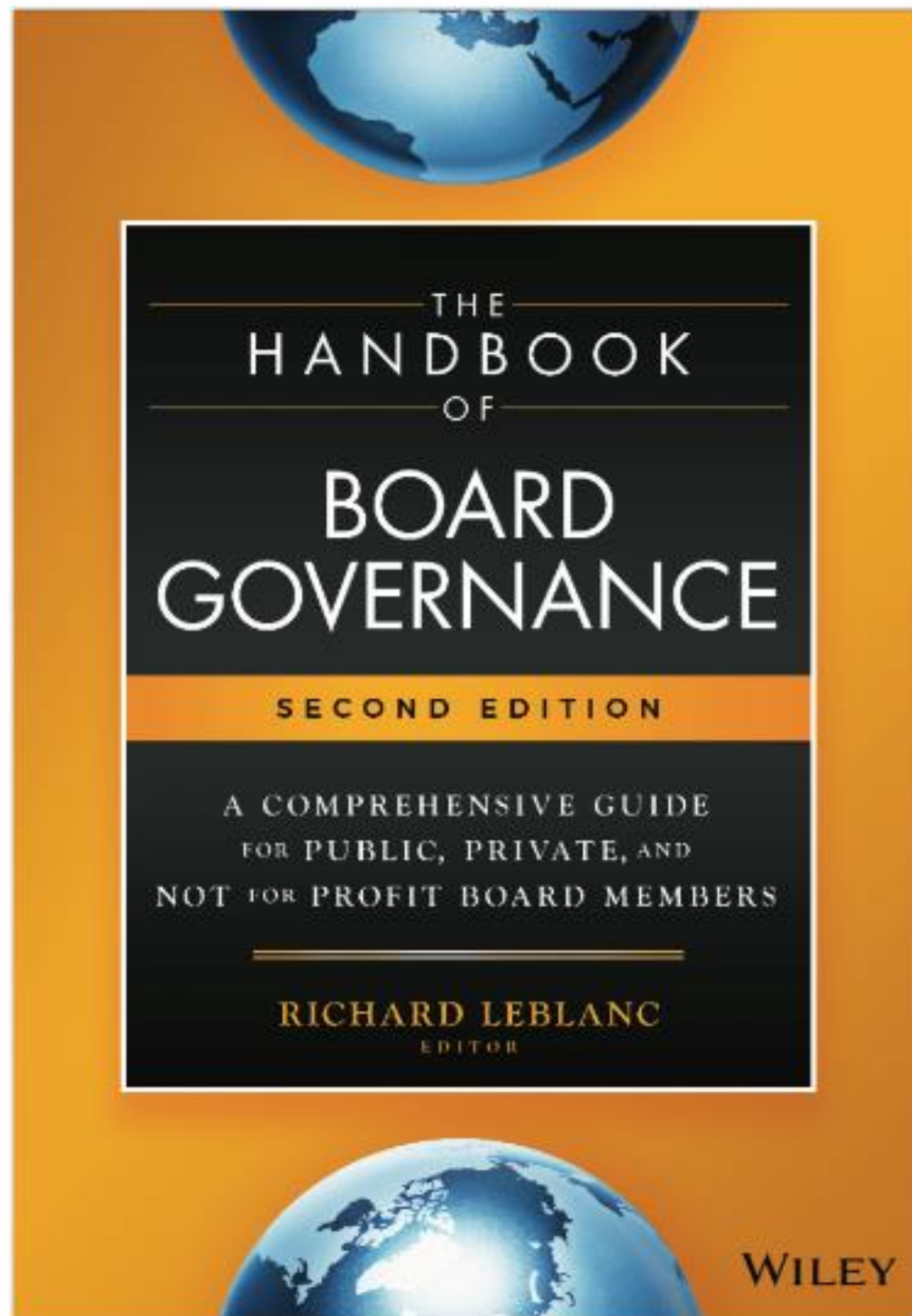


VISIBILITY



DIFFERENTIATE





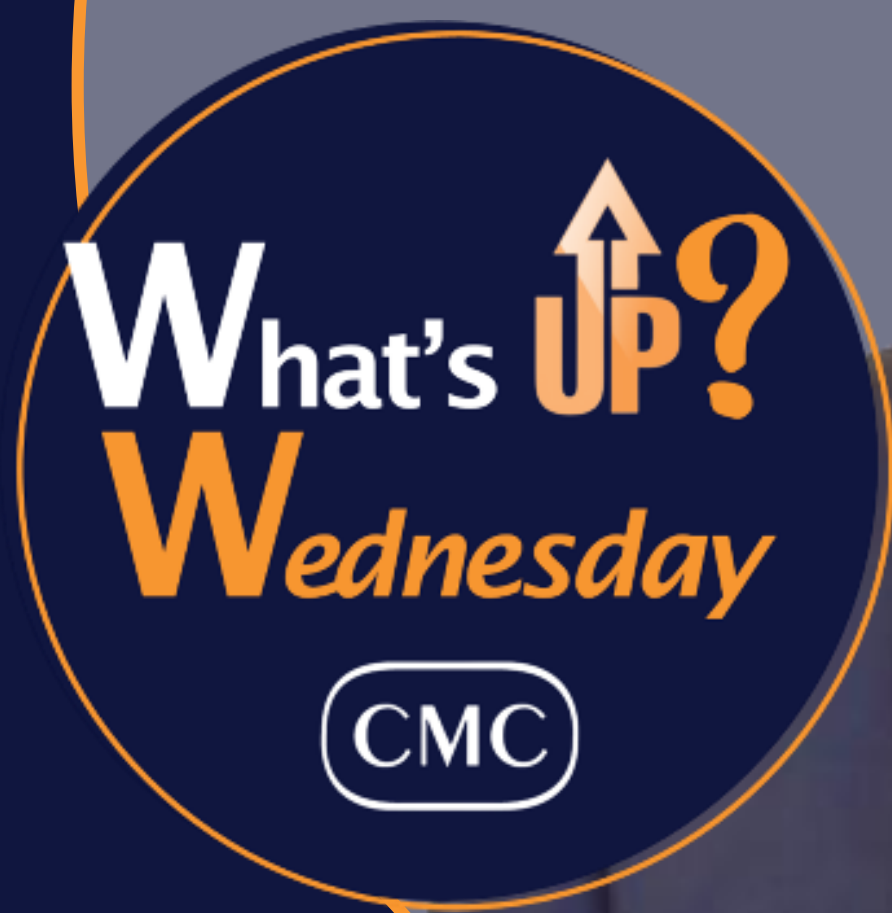
How to Participate

- You will be muted for this call
- To ask a question – Type the question into the chat tool.
- This session will be recorded
- A copy of the presentation will be available after the event.





SPEAKER



Richard W. Leblanc

FCMC, CMC-AF, BSc, MBA, LLB, JD, LLM, PhD

Lawyer, author, public speaker, researcher, consultant

- ❑ Assisted and advised over 200 boards of directors
- ❑ Authored over 200 publications and reports
- ❑ Delivered over 600 media interviews and 700 speeches and training sessions
- ❑ Served as an expert witness in several court cases involving boards of directors.
- ❑ Dr. Leblanc is a Professor of Governance, Law and Ethics at York University and Director of its Graduate Program in Financial Accountability.

Governance in Action: Managing Risk, Leadership and Disruption

What's Up Wednesday

CMC Ontario, CMC Canada

Online Session

12:30pm – 1:30pm EST, May 14, 2025

**Richard Leblanc, FCMC, CMC-AF, BSc, MBA, LLB, JD,
LLM, PhD**

**Professor of Governance, Law & Ethics,
York University, and
Independent Advisor to Boards of Directors**

INNOVATE

TRANSFORM

PROVOKE



What I will address

- **1. Canadian policy changes . . . 4**
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1. Policy Governance: Canada is Changing

12

- Removal of inter provincial, territorial trade barriers by 1 July 2025;
- Reliable trade, vertical integration, self determination and autonomy;
- Significant investment in trade corridors: roads, rail, water, ports, ships, integrated electricity transmission, digital connectivity;
- Primacy to Canadian owned and governed companies, products and workers;
- Productivity and investment enhancement, including...

- ...including expedited and streamlined permits, construction, regulatory approvals; tax reviews for productivity, competitiveness and investment return;
- Defense spend in Canada and border fortification;
- Buy Canadian and consumer habits, travel changing;
- Macroeconomic impacts: growth decline, consumer sentiment decline, inflation rising, stock market decline, interest rates ~ steady to low, as central banks navigate growth contraction and inflation;
- Low Canadian dollar may increase with fiscal reforms;

2. Governance Changes: (a) Legal Reviews:

14

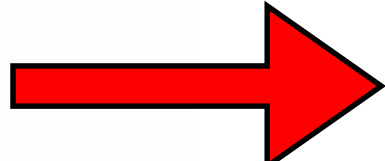
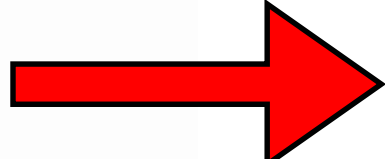
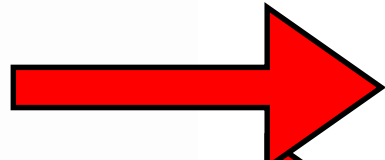

2.5 Legal Review

Boards should receive the following legal update, depending upon current or projected tariff impact:

- (a) Tariff impact on contractual and compliance obligations;
- (b) Anticipatory contractual breaches and remedies;
- (c) Current or anticipated litigation;
- (d) Procurement and “buy Canadian” changes;
- (e) “Product of Canada” or “made in Canada” labelling requirements;⁸³
- (f) Tariff business practice changes impacting insurance coverage;
- (g) Director and employee United States’ travel advisory guidance;
- (h) Management or other key talent seeking to emigrate to Canada;
- (i) Availability of, and qualification for, governmental assistance;
- (j) Director duties under Canadian law; and
- (k) Any requested redomicile review, including tax penalties, contractual obligations, employee relocation, and brand risk.

2.4 Financial Review

Audit committees should review and report to the board, on the following, depending upon current or projected tariff impact:

- 
- (a) Anticipated future demand;
 - (b) Projected revenue and expenditures;
 - (c) Operating cash flow changes;
 - (d) Budget and operating plan variances;
 - (e) Current and projected short- and long-term liabilities;
 - (f) Capital expenditure, commitment or investment changes;
 - (g) Availability or use of reserve funds;
 - (h) Credit draw, debt issuance, or government assistance;
 - (i) Workforce or compensation changes;
 - (j) Company-relevant financial ratio changes; and
 - (k) Revised future outlooks.

2.2 Customer Development Review

Boards should receive the following customer update, depending upon current or projected tariff impact:

- ➡ (a) Outreach to large current customers by management;
- ➡ (b) Customer contractual amendments summary;
- ➡ (c) Staged or incentivized risk sharing for large or new customers;
- (d) A domestic scan of target markets in an anticipated Canadian free trade environment;
- (e) A non-American scan of target markets, with which free trade agreements exist;⁷⁸
- (f) Contact with government resources⁷⁹ and offices⁸⁰ in target markets;
- (g) New customer marketing, development and contracting strategies;
- ➡ (h) Customer diversification and acquisition performance metrics;
- (i) Bespoke request for proposal response summaries for new customer bidding;
- (j) Planned transitioning of the company's website to reflect target markets; and
- ➡ (k) Non-resident company directors and advisors, with contacts and offices in target markets, to facilitate management-customer introductions.

2.3 Supplier Resiliency Review

Boards should receive the following supplier update, depending upon current or projected tariff impact:

- (a) Supply disruption plan to transition from tariffed to non-tariffed suppliers;⁸¹
- (b) “Buy Canadian” supplier contracting;
- (c) Procurement changes based on changed regulation or public expectations;
- (d) Supplier succession plan, including price, quality, service and shipping;
- (e) Supplier management plan, including performance, compliance and reporting;
- (f) N’t party risk review to avoid reliance on tariffed upstream supply;
- (g) Geopolitical risk review to transition to reliable suppliers;
- (h) Contact with industry associations for preferred or most favored suppliers;
- (i) Staging large supply contracts into performance periods with mutual renewal; and
- (j) Feedback or relief for non-diversifiable supplier impact by retaliatory Canadian tariffs.⁸²

3. Governance During Volatility

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- External risks may be more important;
- Understand macroeconomic impact on company;
- **Scenario plans** reviewed by the Board;
- Financial, customer, supplier, legal updates to Board;
- **Partnering behaviours** between the Boards Management;
- **Governance agility**, pivoting, and flexibility;
- “Experience under fire” during uncertainty;

2.6 Forward-Focused Scenario Plans

During rapid change, including tariffs, a board should be forward-focused.⁸⁴

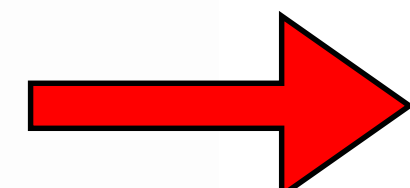
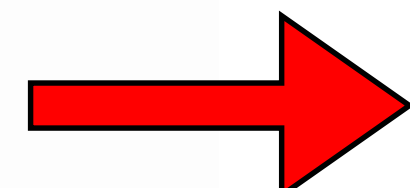
Forward-focus should include the following:

- (a) Historical information is analyzed on the basis of application to the industry and company;⁸⁵
- (b) Forecasted scenarios (scenarios) are established and ranked by management, on the basis of likelihood and impact, with (i) a line of reasoning to the historical information, and (ii) an accompanying narrative;⁸⁶
- (c) Directors should carefully explore assumptions, beliefs, possible biases, causes and effects in management's ranking of the scenarios;
- (d) Once the top ranked scenarios are agreed upon, back casting plans (plans) are established by management to address each scenario, for review by the board;
- (e) Plans should address the following:
 - (i) The macroeconomic, customer, supplier, financial and legal reviews, above;
 - (ii) The impact of each plan on the strategic plan and risk profile of the company;
 - (iii) The tasks, actions and resources required to execute each plan;
 - (iv) The performance indicators to measure the achievement of each plan;
 - (v) The curing of performance variances once plan implementation begins; and
- (f) A simulated execution of top plans, including with the board, that provides feedback to modify and improve each plan.

2.7 Partnering Between the Board and Management

Management should not shield the plans for top scenarios, above, from the board. This transparency normally results in cross-learning, enhanced decision quality, and optimal plan execution.

To achieve these benefits, the following partnering behaviour between the board and management should occur:

- 
- (a) Mutual trust, respect, confidentiality and possession of facts occur;
 - (b) Boundary behaviour is displayed among all members of the board and management;
 - (c) Staging of expectations occurs for the review of the top plans;
 - (d) Mutual preparation, listening and orientation to consensus are displayed;
 - (e) The board speaks with one voice; and
- 
- (f) Management incorporates the board's input into the final review of the plans.

2.8 Governance Agility

During uncertainty, including tariffs, boards should display flexibility in the following:

- (a) Agenda modification and the use of consent agendas;
- (b) Calendar rescheduling, shorter notice periods, and enhanced availability;
- (c) Higher meeting frequency, including hybrid or virtual meeting formats; and
- (d) The lack of full information, a tolerance for ambiguity, and greater oral reporting, to a point.

The above flexibility should not impair board, committee, and director compliance with legal duties, legislation, guidelines, codes, and the by-laws and governance policies of the organization.

The establishment of an ad hoc committee of the board, to review and recommend tariff response to the board, may occur.⁸⁷

- Proximity to senior Management by the Board;
- ‘Opening of the vest’ by the incumbent CEO;
- Tighter and standardized reporting by Management;
- Higher level of engagement: Board responsible for *insight* as well as *oversight*;
- Greater meeting preparation, rehearsal, by Directors and Management;
- Significant strategic progress, and plans for any curing of KPI gaps by Management;

4. CEO Report to a Board: Poor Practices

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“Weak CEO reporting to a board improperly places a burden on a board to make sense of opaque reporting. Adverse inferences or poor decisions may occur because of this opaqueness.

With clear and robust reporting, misinformation and bias are minimized, and evidence-based decision making by boards is enhanced”

- CEO refuses to report in writing: oral discussion only;
- The report is in writing, but is an impenetrable text, stream of consciousness, or PPT slides;
- CEO cherry picks, exaggerates, and prevaricates;
- Key omissions, including finance, strategic, risk, leadership, talent, culture, dashboard changes;
- Board does not instruct CEO on what needs to be in the report, and that report needs to be factual and evidence-based;
- Board with poor reporting may meet more frequently;

Model President and Chief Executive Officer (CEO) Report to the Board of Directors (Board)

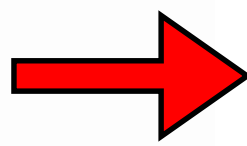
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- ↑ **Dark Green:** Fast incline or acceleration.
- ↗ **Light Green:** Moderate incline or acceleration.
- **Yellow:** Stable.
- ↘ **Orange:** Moderate decline or deceleration.
- ↓ **Red:** Fast decline or deceleration.

CEO Report: Goals and Objectives Dashboard²⁷

Table 5: CEO Goals and Objectives Dashboard



Goal or Objective	Achievements Since Last Meeting	Plans for Next Time Interval	Achievement Target
Key Strategic Goal #1	[Measurement and CEO narrative]	[Action gaps between second and fourth column]	[One or more targets for each goal or objective]
Key Strategic Goal #2	[Measurement and CEO narrative]	[Action gaps between second and third column]	[One or more targets for each goal or objective]
Technology/ Digitization	[Measurement and CEO narrative]	[Action gaps between second and fourth column]	[One or more targets for each goal or objective]
Key Stakeholder Relationships	[Measurement and CEO narrative]	[Action gaps between second and fourth column]	[One or more targets for each goal or objective]
Executive Leadership Development	[Measurement and CEO narrative]	[Action gaps between second and fourth column]	[One or more targets for each goal or objective]
Board of Director Relations	[Measurement and CEO narrative]	[Action gaps between second and fourth column]	[One or more targets for each goal or objective]
Personal Goal(s)	[Measurement and CEO narrative]	[Action gaps between second and fourth column]	[One or more targets for each goal or objective]

Source: Leblanc, Richard, "[How to Report Properly to a Corporate Board](#),"
Ivey Business Journal, March/April 2025.

Table 1: Financial Performance Dashboard

Financial KPI or Ratio	Year to Date		Year over Year	Industry or Sector Benchmark
	Actual	Variance to Budget/ Projection		
Revenue	[Number] ↘	[Number] →	[Number] ↘	[Number] ↗
Revenue Projections				
Expenses				
Expenditure Forecast				
Net Income				
Assets (Current, Fixed, Other)				
Liabilities (Current, Long-Term)				
Shareholder/ Member Equity				
Operating Activities (Cash Inflow and Outflow from Normal Operations)				
Investing Activities (Capital Expansion, Long-Term Investments, Other)				
Financing Activities (Capital Structure)				
Company-Relevant Ratios (e.g., activity, efficiency, leverage, liquidity, market value, profitability, solvency, as applicable)				
Entity Controls (e.g., capital spends, compensation, debt issuance, one time impact(s), operating plan, unbudgeted commitments, per delegation of authority, signing authority, as applicable)				

Source: Leblanc, Richard, “[How to Report Properly to a Corporate Board,](#)”
Ivey Business Journal, March/April 2025.


CEO Report: Strategic Dashboard

Table 2: Strategic Performance Dashboard

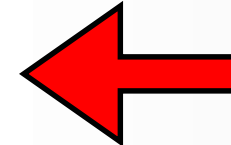
Strategic KPI	Percentage Complete, or Figure	Target Date, or Projection	Executive Responsible	Percentage of Resources Allocated	Days Ahead or Behind, or Projection Variance	Alert
Strategic Goal 1						
KPI 1.1 (the KPIs will change over time and their accomplishment)	100%	T-10	C-suite or VP	90%	+10	
KPI 1.2	75%	T+30	C-suite or VP	60%	-30	
KPI 1.3	50%	T+45	C-suite or VP	50%	-40	
Strategic Goal 2						
KPI 2.1						
KPI 2.2						
KPI 2.2						
Strategic Goal 3						
KPI 3.1						
KPI 3.2						
KPI 3.3						
Strategic Goal 4						
KPI 4.1						
KPI 4.2						
KPI 4.3...						

Source: Leblanc, Richard, “[How to Report Properly to a Corporate Board](#),” *Ivey Business Journal*, March/April 2025.

Table 4: Risk Mitigation Dashboard



Risk Ranking (1-10)	Risk Reference Number	Risk	Impact (I)	Likelihood (L)	Q1 202X Risk Rating (I x L)	[202X - one year] Risk Rating (I x L)	[202X - two years] Risk Rating (I x L)
1	6	[Risk description]	[<3.0↓]	[>=5.0]	[<15.0↓]	[>15.0]	N/A
2	3	[Risk description]	[<4.0]	[>=3.0↓]	[>11.0↓]	[<15.0]	[<15.0]
3	7	[Risk description]	[<3.0]	[<4.0]	[<11.0]	[<11.0]	[<11.0]
4	4	[Risk description]	[>3.0]	[>3.0]	[<10.0]	[<10.0]	[<8.0]
5	9	[Risk description]	[>=3.0]	[>=3.0↑]	[>=9.0↑]	[>8.0]	[>10.0]
6	8	[Risk description]	[>=3.0↑]	[>=3.0↑]	[>=9.0↑]	[>7.0]	[<8.0]
7	1	[Risk description]	[>3.0]	[<3.0]	[<9.0]	[<9.0]	[>6.0]
8	10	[Risk description]	[>3.0]	[<3.0]	[<9.0]	[<9.0]	N/A
9	2	[Risk description]	[>=3.0]	[<3.0↓]	[>8.0↓]	[>=9.0]	[<8.0]
10	5	[Risk description]	[<3.0]	[>3.0↑]	[>8.0↑]	[<8.0]	[>10.0]



➔ Risk Register Components and Glossary and Definitions Provided to Directors

- (i) Objective (including Strategy);
- (ii) Risk Owner;
- (iii) Risk Category;
- (iv) Risk Title;
- (v) Risk Definition;
- (vi) Observations;
- (vii) Root Cause(s);
- (viii) Potential Implications;
- (ix) Inherent Risk Score (Likelihood x Impact);
- (x) Existing Controls;
- ➔ (xi) Testing of Controls (Design and Implementation);
- (xii) Residual Risk Score (Likelihood x Impact);
- (xiii) Risk Treatment Approach;
- (xiv) Action Plans;
- (xv) Expected Outcome of Action Plans;
- (xvi) Previous Residual Risk Assessment (Likelihood x Impact);
- (xvii) Risk Trend; and
- (xviii) Comments.

5. Fifteen Steps to Paying Your CEO Properly

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- 1. Board approves weighted and calibrated target goals and objectives at beginning of pay period, with key performance indicators to measure achievement.
- 2. One or more goals may be personal in nature.
- 3. Incumbent CEO reports in writing on actual vs target performance of each goal and objective at each board meeting, with plans to cure.
- 4. Mid-term correction check by board during middle of pay period. Discussion with the CEO.
- 5. Committee prepares evaluation tool that measures..

7. Weighting of CEO Performance Measures

The following performance measures (see the first column), and their weightings (see the second column), are included in the following table and within the Evaluation.

Because the CEO is completing a self-evaluation of the CEO’s and Organization’s performance (CEO’s performance), and each Human Resources (HR)

CEO Performance Measures and Weightings

CEO Performance Measures and Weightings					
Performance Measure	Weight	* Self-score	HR and Compensation Committee Score	*HR and Compensation Committee—Self Gap	Result
(1) Strategic Planning and Execution	40%	— %	— %	+/- — %	— /40%
(2) Stakeholder Relationships	15%	— %	— %	+/- — %	— /15%
(3) Leadership Style, Management Relationships, and Ethical Conduct	15%	— %	— %	+/- — %	— /15%
(4) Board Relationships and Succession Planning	15%	— %	— %	+/- — %	— /15%
(5) Financial Planning and Performance	15%	— %	— %	+/- — %	— /15%
				TOTAL	/100%

* Self-score (third column) and HR and Compensation Committee—Self Gap (fifth column) are included for developmental purposes for the CEO and do not impact Results (sixth column).

Source: Leblanc, Richard, “Model President and CEO Annual Performance Evaluation and Incentive Compensation Policy,” *The Handbook of Board Governance*, Wiley, 2024.

- 5. ...evaluation tool that measures weighted and calibrated achievement of goals and objectives and link to variable pay.
- 6. CEO self-evaluates own performance.
- 7. Target and actual performance information goes to all directors.
- 8. All directors evaluate CEO performance on target versus actual performance.
- 9. Committee reviews all director evaluations: composite report summary with qualitative feedback.

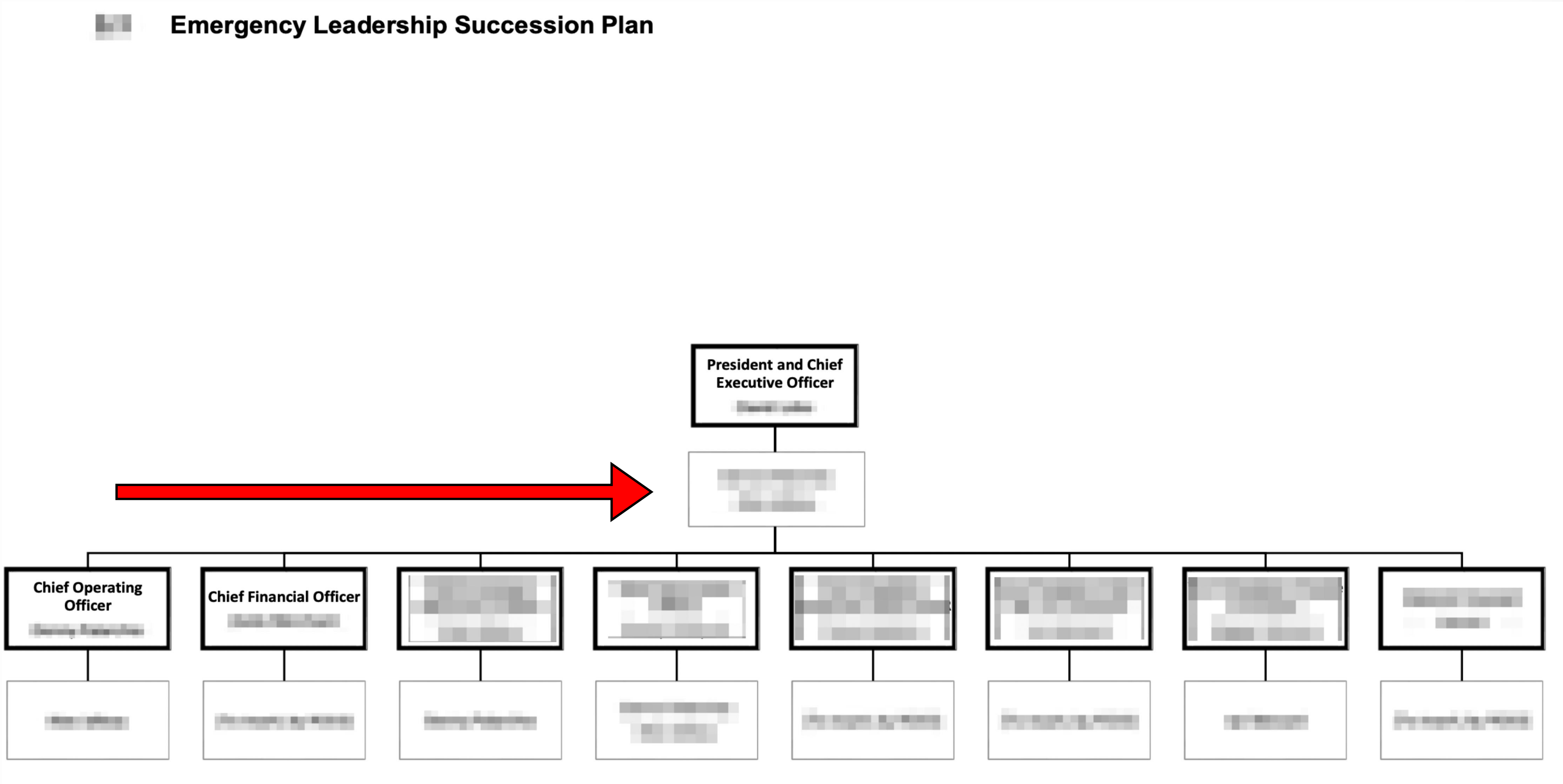
- 10. Committee report to board on evaluation results, recommended portion of variable pay (or not), based upon performance of the CEO.
- 11. Behavioural gateway checks, including code, risk management, claw back, company-wide compliance.
- 12. Board reviews and approves Committee recommendation: CEO absent from the room.
- 13. Letter to the CEO: results summary, feedback.
- 14. Meeting with Board Committee Chairs, CEO.
- 15. Use of compensation advisor from time to time.

6. CEO Succession: Excuses for Number 1 Job

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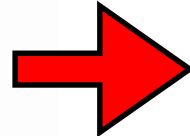
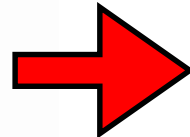
- We are too small: Our CEO is performing well.
- The CEO would not like it.
- It is a sign of non-confidence in our CEO;
- It is too hard. We have never done this before.
- CEO succession is not on our meeting agenda.
- We do not have the internal talent available;
- We always go outside the company for our CEO;
- Our CEO is in excellent health.

Emergency Succession Plan for the CEO

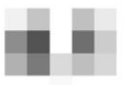


Additional Guidance for the Emergency Leadership Succession Plan

The President and CEO should reflect and describe:

- 
- (i) The President and CEO's assessment of the ability of the emergency successor Executive recommended to fulfil the role, based on working with each incumbent and, as applicable, the successor individual in various capacities;
 - (ii) Discussions between the President and CEO and the incumbent individuals;
 - (iii) The depth of the talent bench below each role;
 - (iv) The line of sight to the talent bench by the President and CEO and the primary incumbent Executive;
 - (v) 360 or other performance reviews of emergency successor Executive, and by the incumbent Executive of departmental talent, and this knowledge transfer to the President and CEO;
 - (vi) Health, family, or other considerations, if or as applicable and appropriate, which may trigger an emergency need;
 - (vii) Talent flight considerations, which may trigger an emergency need;
 - (viii) Perceived and explicit role satisfaction indicators, which may trigger an emergency need;
 - (ix) Reputation, past action, or other risk that comes to light, or is the result of further review, which may trigger an emergency need;
 - (x) Committee and Board discussions with the President and CEO;
 - (xi) The declaration of any real or potential conflicts of interest impacting emergency succession; and
- 
- (xii) Other relevant factors (e.g., exogenous events, workload, performance demands, working relationships), which may trigger or affect nuances of an emergency need or replacement.

Permanent Succession Plan for the CEO



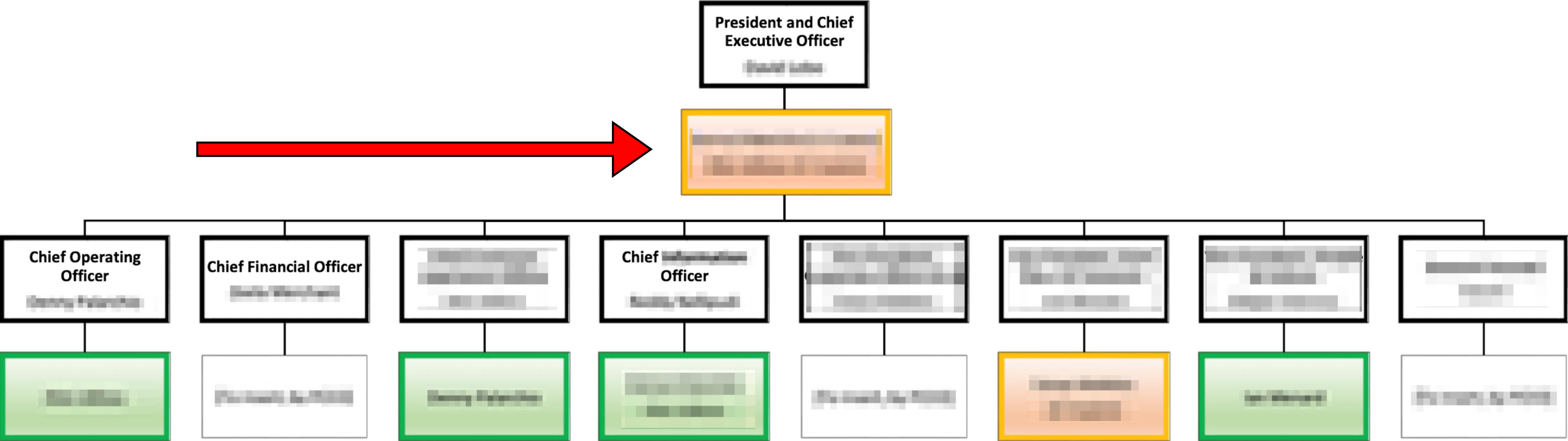
Permanent Leadership Succession Plan

Index

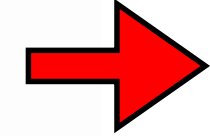
Green: Ready Now;

Orange: Ready 1-2 years, or 2-3 years; and

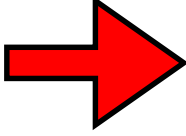
Rose: Ready 5+ years.



Additional Guidance for the Permanent Leadership Succession and Development Plan



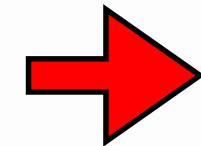
The President and CEO should reflect and describe:

- (i) The two or more Executives for President and CEO succession candidacy, and years away from readiness;
- (ii) The immediate and future bench strength for each role;
- (iii) Any anomalies, omissions, or gaps in bench strength or talent development pipeline for any role;
- (iv) Any issue of over-reliance or over-work of any one individual or department, and an action plan to address;
- (v) A succinct, rationale summary for the selection and, as necessary, ranking of successor candidates for each role;
- (vi) The desire or recommendation for lateral exposure to other departments for high potential talent;
- (vii) Walking the reader through any lateral contingencies, in the foregoing lateral talent development, and impacts upon succession planning and leadership development of other relevant role(s);
- (viii) A look back and look forward, so the Committee and Board can see internal talent development over time;
-  (ix) Action plans for any member who may be plateauing or decelerating in their development, including accelerating leadership development, and knowledge transfer and grooming of the designated permanent successor candidate, to effect smooth succession planning as or if necessary;
- (x) External identification of potential recruitment of talent, particularly if items (iii), (vii) (ix) apply (gaps, lateral succession, or plateaued development, respectively), which may trigger a permanent planning need;
- (xi) Committee and Board discussions with the President and CEO; and
- (xi) The declaration of any real or potential conflicts of interest impacting permanent succession and development.

Development to Near-Ready CEO: CEO Owns

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Executive Leadership Development Plan



Developmental Area	Learning Objective or Outcome	Pathway or Action Plan	Target Completion Date	Progress Validation	Completion
<p>[Guidance: There should be five to seven key Developmental Areas for the Executive to become more near- or CEO-ready, identified in this column, originating from the Opportunities for Development, above, as set out by the President and CEO.</p> <p>These Developmental Areas could relate to Core Competencies, [REDACTED], the recent [REDACTED] review, re-designed competencies (to</p>	<p>[Guidance: For each of the five to seven Developmental Areas, to the left, this column contains one or more Learning Objective(s) or Outcome(s) to reach excellence or maturity in each Developmental Area.</p> <p>This column contains the desired outcomes that are stretch in nature for the Executive, to reach excellence or CEO-near readiness, over time.</p> <p>A target Learning Objective or Outcome is what the Executive should be able to display after</p>	<p>[Guidance: For each Learning Objective of Outcome, or as logical groups of Learning Objectives of Outcomes, there should be a Pathway or Action Plan to take the Executive from the Developmental Area (first column) to the Learning Objective or Outcome (desired state of maturity or excellence, in the second column).</p> <p>A Pathway or Action Plan provides the “how” to achieve each Learning Objective(s) or Outcome(s).</p>	<p>[Guidance: There should be Target Completion Dates for each Pathway.</p> <p>Some Pathways or Action Plans may occur after certain Target Completion Dates are achieved, as the Learning Objective(s) or Outcome(s) may be sequential or time-based in nature.</p> <p>So, Target Completion Dates may occur across a calendar year or two, or three (this Leadership Development Plan may cascade to other [REDACTED] beyond prospective CEO candidates), as the</p>	<p>[Guidance: There should be regular check-ins, by written and oral reporting, by the Executive to the President and CEO, to validate orderly completion of Learning Objectives, and the Pathway or Action Plan by the Target Completion Date.</p> <p>Check-ins can be informal (oral and in writing), but should be formal also, in a quarterly Meeting between the Executive and President and CEO (or bi-annual for other [REDACTED] talent), with advance pre-reads on the Executive’s</p>	<p>[Guidance: As each Learning Objective is obtained, there should be <u>colour coding</u> (green, yellow, red) and completion dates, in rows or cells, within this column.</p> <p>There is expected to be regular progress of Learning Objective or Outcome achievement.</p> <p>Other high potential talent who may be ready, as assessed currently by the President and CEO, as a CEO succession candidate, in 5+ years, may become more ready in less time, as time progresses, and may reach the stage that their development</p>



- Start now.
- Establish CEO succession as a goal.
- CEO succession is not about CEO performance.
- CEO succession is about a board doing its job.
- The board owns succession. The CEO owns development.

7. Governance Conflict Sources and Cures

43

1. The rogue, disruptive, under performing director:

- **Cure:** annual acknowledgement form, code in by-laws, chair intervention, peer assessment, professional development plan, coaching for success, letter of reprimand, do not re-nominate, better recruitment practices;

2. The dominant CEO who impedes governance:

- **Cure:** in camera sessions; board relations as a goal; link coaching to STIP; claw back; behavioral gateway for variable pay to vest; written evaluation; whistleblowing; better succession planning; position...

...description; independent chair; board acting as a unit;

3. The controlling or passive Board Chair:

- **Cure:** position description; chair selection policy; annual performance review; chair is not a committee chair; chair is not ex officio committee member; term limits for chair role; CEO does not unduly influence chair selection; chair does not lead board performance review; chair attends only certain meetings; coaching and development; chair removal mid stream;
- Four steps: 1. policy, 2. train, 3. implement, 4. assure;

8. Addressing Challenging Decisions by Boards

45

- Normally, a committee reviews and recommends, to the board for review and approval, so there has been some due diligence;
- If management goes to the board directly, a board can always send to a committee for review first;
- Chairs establish agendas and decide on meeting attendance and information flow;
- Chairs also establish pace and cadence: Is the decision pressing or urgent in nature?;
- Consider an ad hoc committee first;

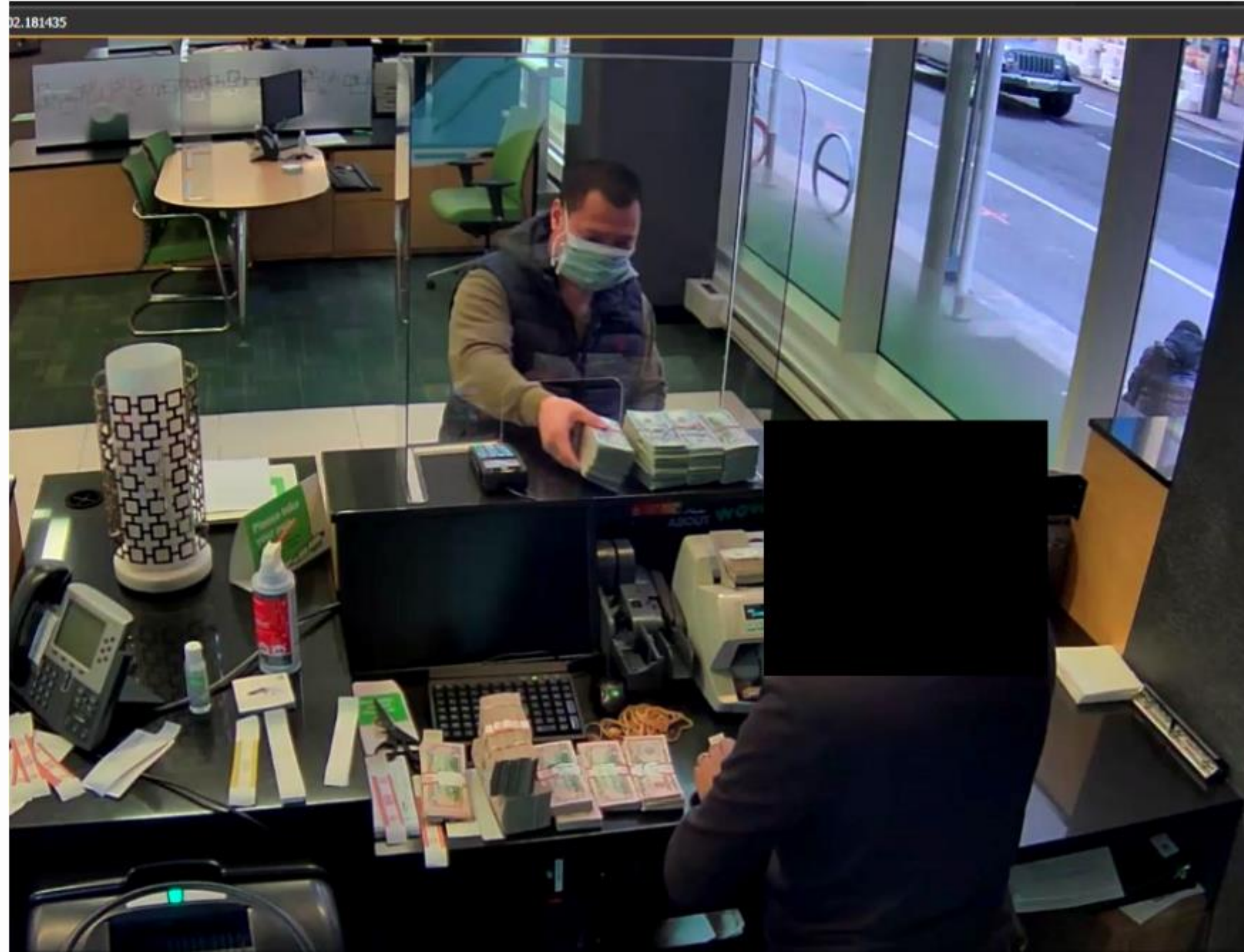
- In camera session of independent directors if board feels pressured;
- Is management or advisory compensation tied to an output of the decision?;
- Information flow (quantity, quality, timeliness, source, format) and time for deliberation by the board;
- Do directors arrive at the meeting with independence of mind, or is there some form of interest or bias in the decision, by one or more directors?

Source: Leblanc, Richard, "[The Establishment, Composition, and Functioning of a Special Committee of a Board of Directors](#)," *International In-house Counsel Journal*, Vol. 17, no. 67, Spring 2024, 1.

- Have decision impact stakeholders been considered under Canadian law?;
- Recognizing when a manager may be lying to you;
- Does the board need independent advice?
- A straw vote, orientation to consensus by the chair;
- Resiliency, solidarity after the decision is taken;
- Minuting and documenting the decision, factors considered, due diligence by the board.

9. Money Laundering at TD Bank

48



Source: "[FinCEN TD Bank Consent Order](#)," November 2024, at page 52.

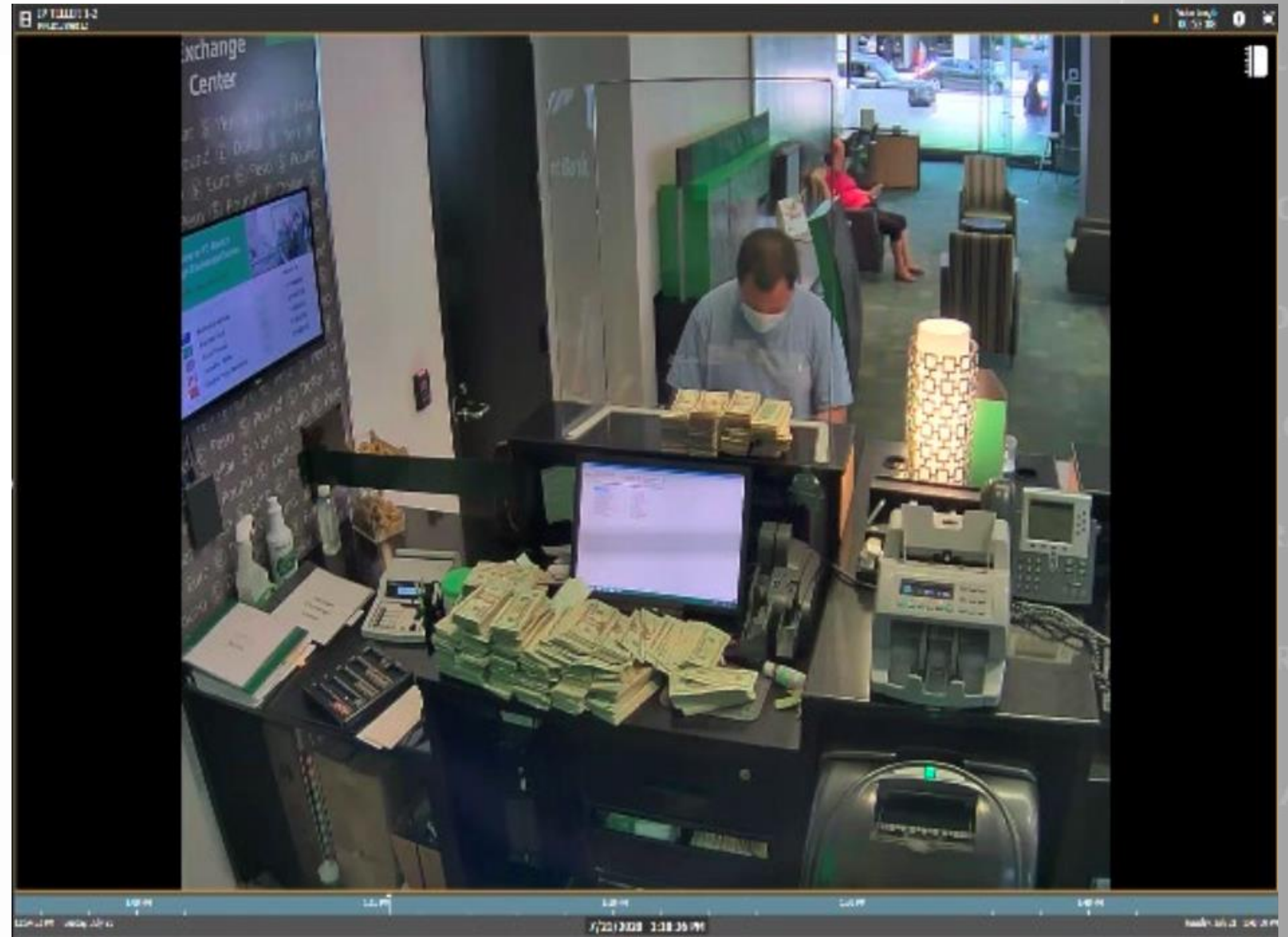
The image above reflects Sze at the counter, but he is not mentioned in the CTR, which lists 29 locations and involved over \$3 million in cash deposits.

“290,000 cash transaction at a different TDBNA store”

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Case 2:24-cr-00668-ES Document 1 Filed 10/10/24 Page 28 of 43 PageID: 28

clear that while the account was opened in someone else's name, David actually controlled the account. That same day, David conducted a \$290,000 cash transaction at a different TDBNA store. During these transactions, David purchased 14 official bank checks.



Money Laundering in 1983 Movie “Scarface”



0:32.88



Profile of a Possible Fraudster: ACFE

51

GENDER

WOMEN committed fewer frauds and caused lower losses.



\$158,000
MEDIAN LOSS



\$100,000
MEDIAN LOSS



FRAUDSTERS OVER THE AGE OF 50 caused the highest median losses.



EDUCATION

TWO-THIRDS of occupational fraudsters **HAD A UNIVERSITY DEGREE OR HIGHER.**



Fraudsters **WITHOUT A DEGREE** caused **LOWER LOSSES.**

No university degree
\$100,000 MEDIAN LOSS



University degree or higher
\$200,000 MEDIAN LOSS

THE LONGER a fraudster has worked for an organization, **THE MORE COSTLY** their fraud.

MEDIAN LOSS
\$50,000



LESS THAN
1 YEAR

MEDIAN LOSS
\$100,000



1-5 YEARS

MEDIAN LOSS
\$200,000



6-10 YEARS

MEDIAN LOSS
\$250,000



10 YEARS
OR MORE

COLLUSION

FRAUDSTERS WHO COLLUDED with others caused median losses **MORE THAN 3X AS HIGH** as those who acted alone.



1 Perpetrator
MEDIAN LOSS
\$75,000



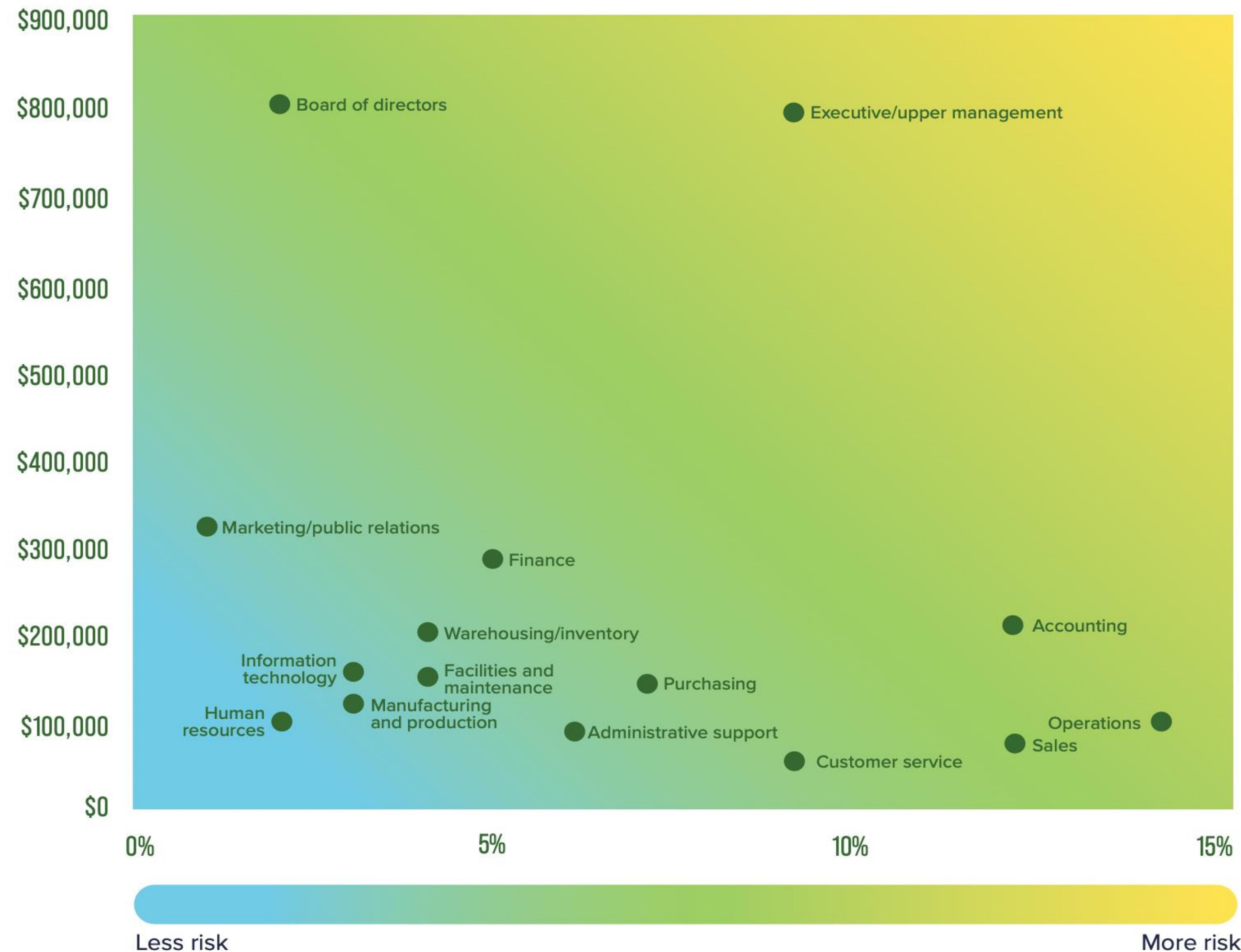
2+ Perpetrators
MEDIAN LOSS
\$250,000



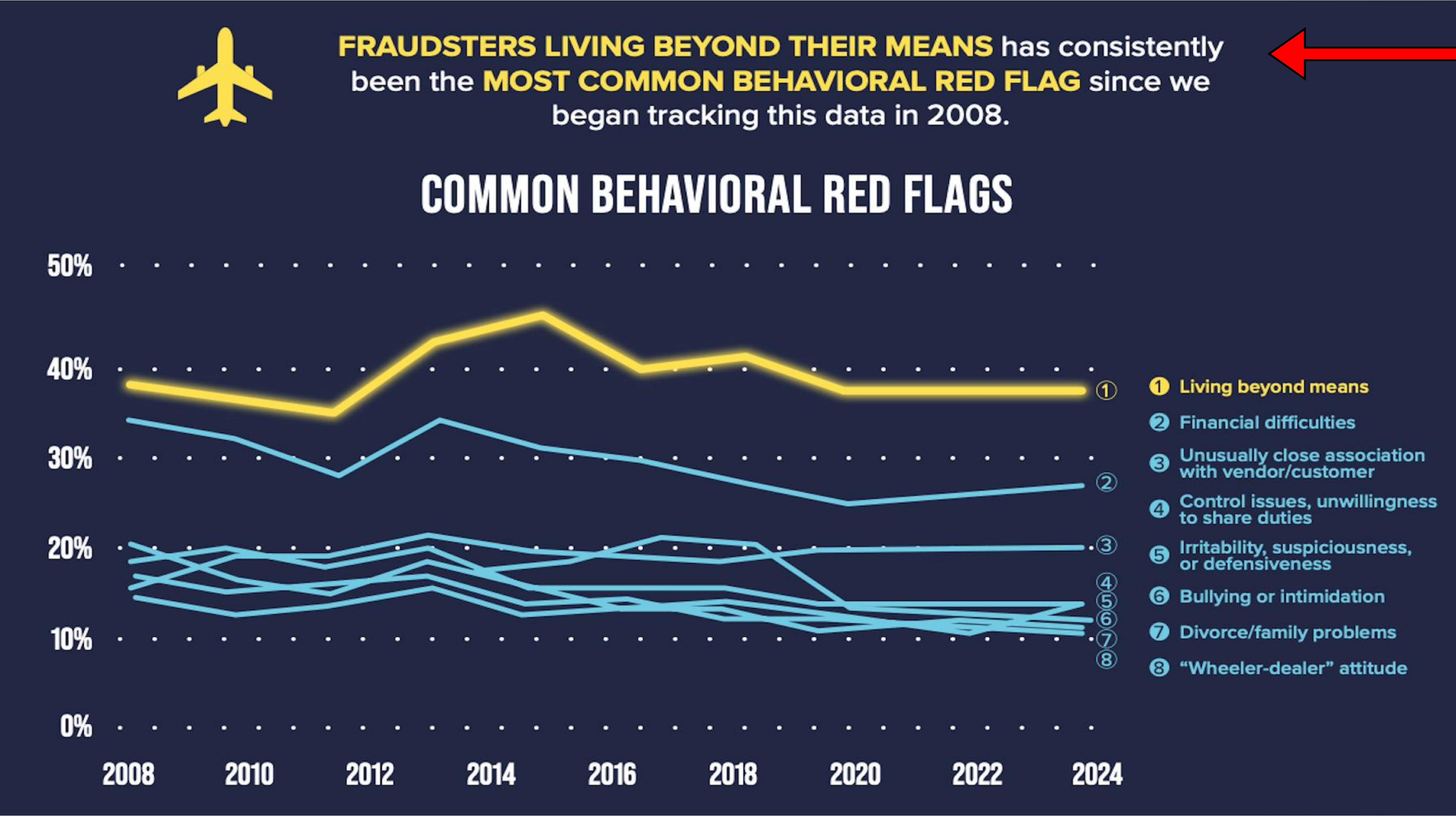
Most fraudsters were employees or managers, but **FRAUDS PERPETRATED BY OWNERS AND EXECUTIVES WERE THE COSTLIEST.**

Directors, Management Greatest Fraud Risk 52

FIG. 43 WHAT DEPARTMENTS POSE THE GREATEST RISK FOR OCCUPATIONAL FRAUD?



Living Beyond Means Most Common Flag



ACFE: 43% Fraudsters Not Vetted Pre-Hire

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FIG. 34 WAS A BACKGROUND CHECK RUN ON THE PERPETRATOR PRIOR TO HIRING?

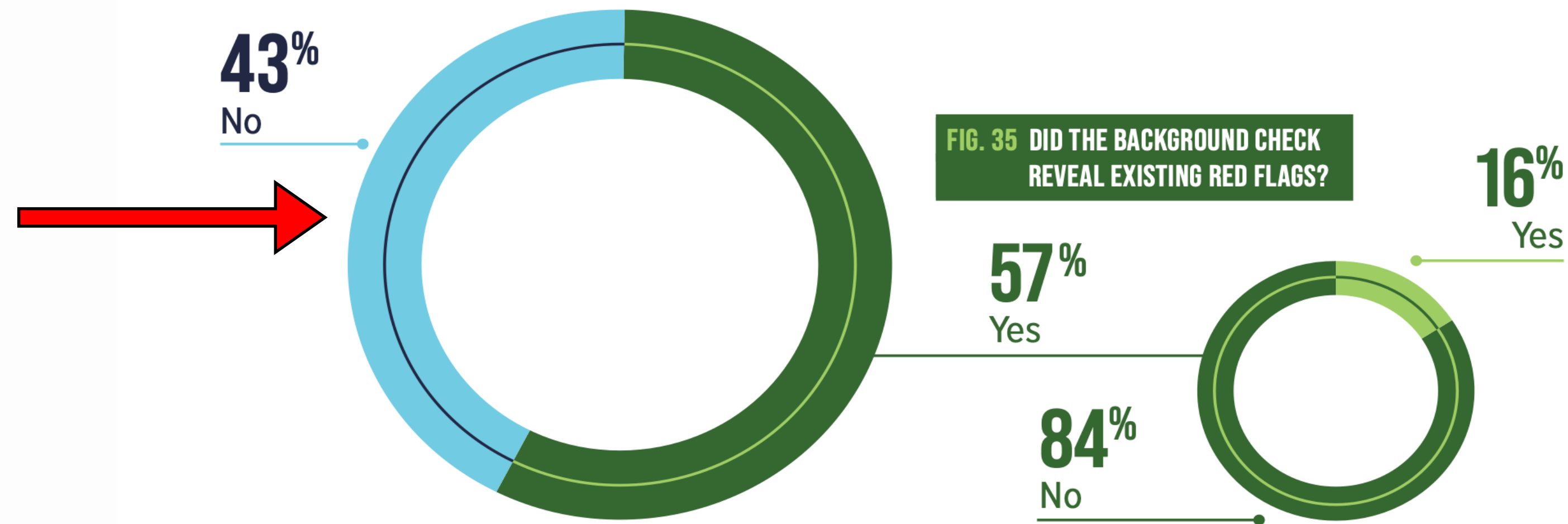


FIG. 35 DID THE BACKGROUND CHECK REVEAL EXISTING RED FLAGS?

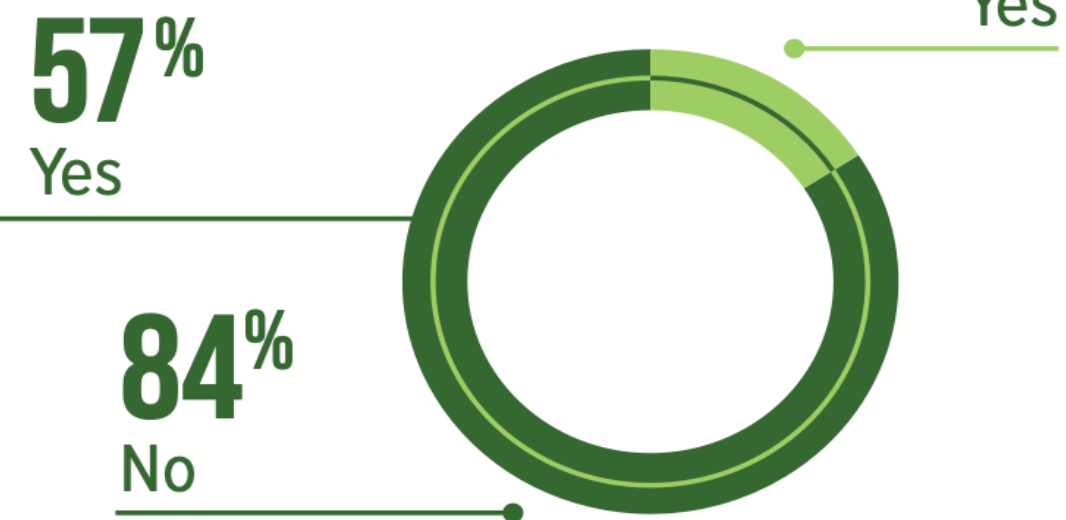
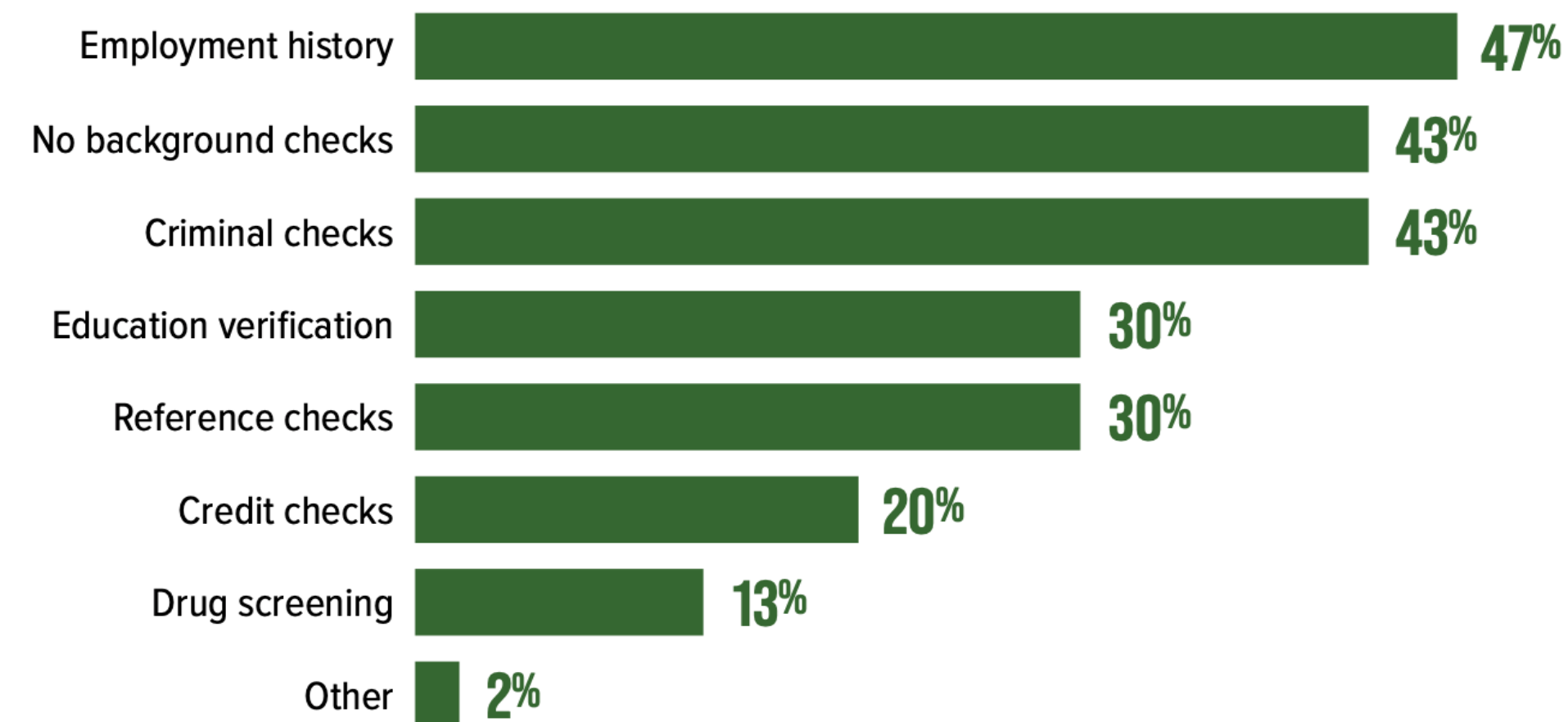


FIG. 36 WHAT TYPES OF BACKGROUND CHECKS WERE RUN ON THE PERPETRATOR PRIOR TO HIRING?



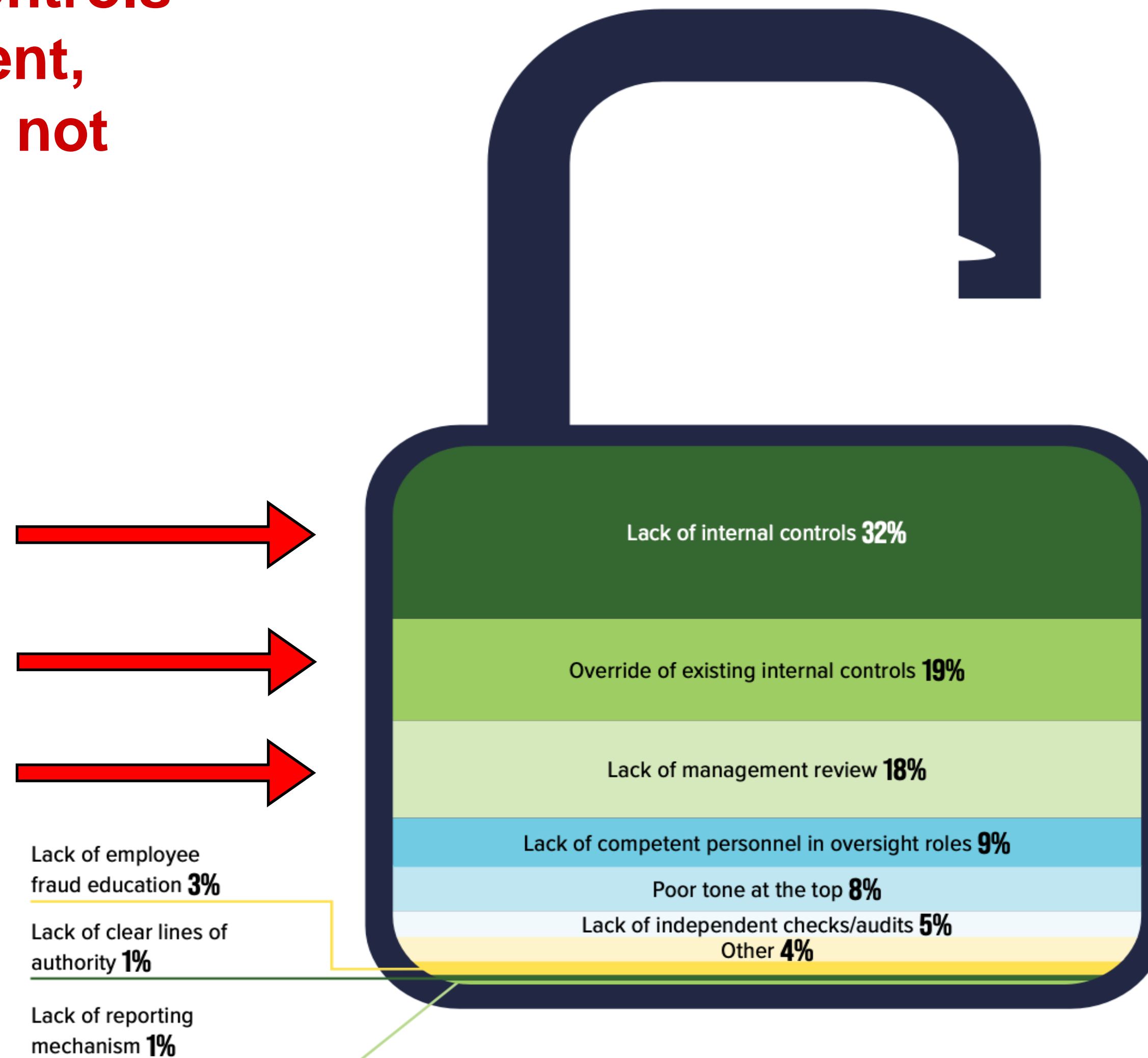
Source: Association of Certified Fraud Examiners, "[Occupational Fraud 2024: A Report to the Nations®](#)," 2024, at page 48.

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- Home addresses of all directors, senior management, as part of crisis planning;
- Deep vetting pre-hire, annually, by independent sources, for senior, procurement, customer facing (“risk takers”);
- Mandatory comprehensive compliance sign off;
- Deep interviews, with intelligence gathering;
- Credit reports, scores; resume verification; sanction lists; offshore leaks database check; social media profile; licensing body check; criminal record; police check; text analytics; personality tests; other;

ACFE: 69% of internal controls were either non-existent, capable of override, or not reviewed.

FIG. 37 WHAT ARE THE PRIMARY INTERNAL CONTROL WEAKNESSES THAT CONTRIBUTE TO OCCUPATIONAL FRAUD?



Source: Association of Certified Fraud Examiners, "[Occupational Fraud 2024: A Report to the Nations®](#)," 2024, at page 49.

Internal Controls and Management

57



More **THAN HALF** of cases occurred due to:



- **Delegation of Authority Policy**: Signing matrix; budgeted unbudgeted SG&A commitments; CAPEX spends; leases; debt issuance; AOP; professional services (or equivalents); Bank Signing Authority: All thresholds and Board approved;
- **Code**: just cause, claw back, by-laws, with sign-off;
- **Conflict of Interest**: Directors, family, affiliates, examples, disclose, cooperate, manage, recuse;
- **Whistle-Blowing**: anonymity, anti-retaliatory, communicated, cured;
- **Expense Policy**: reporting, controls and approval;

FIG. 13 HOW IS OCCUPATIONAL FRAUD INITIALLY DETECTED?

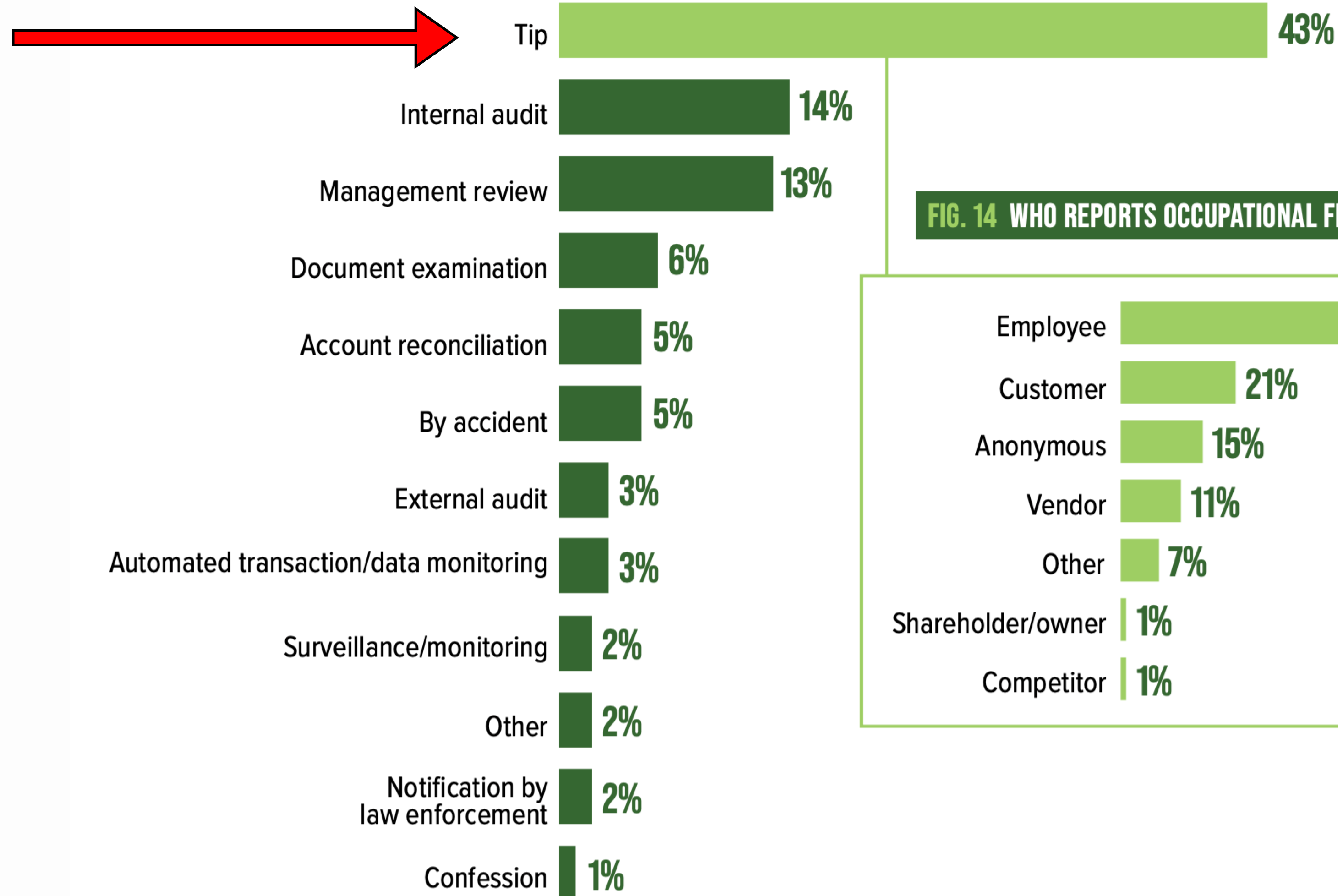
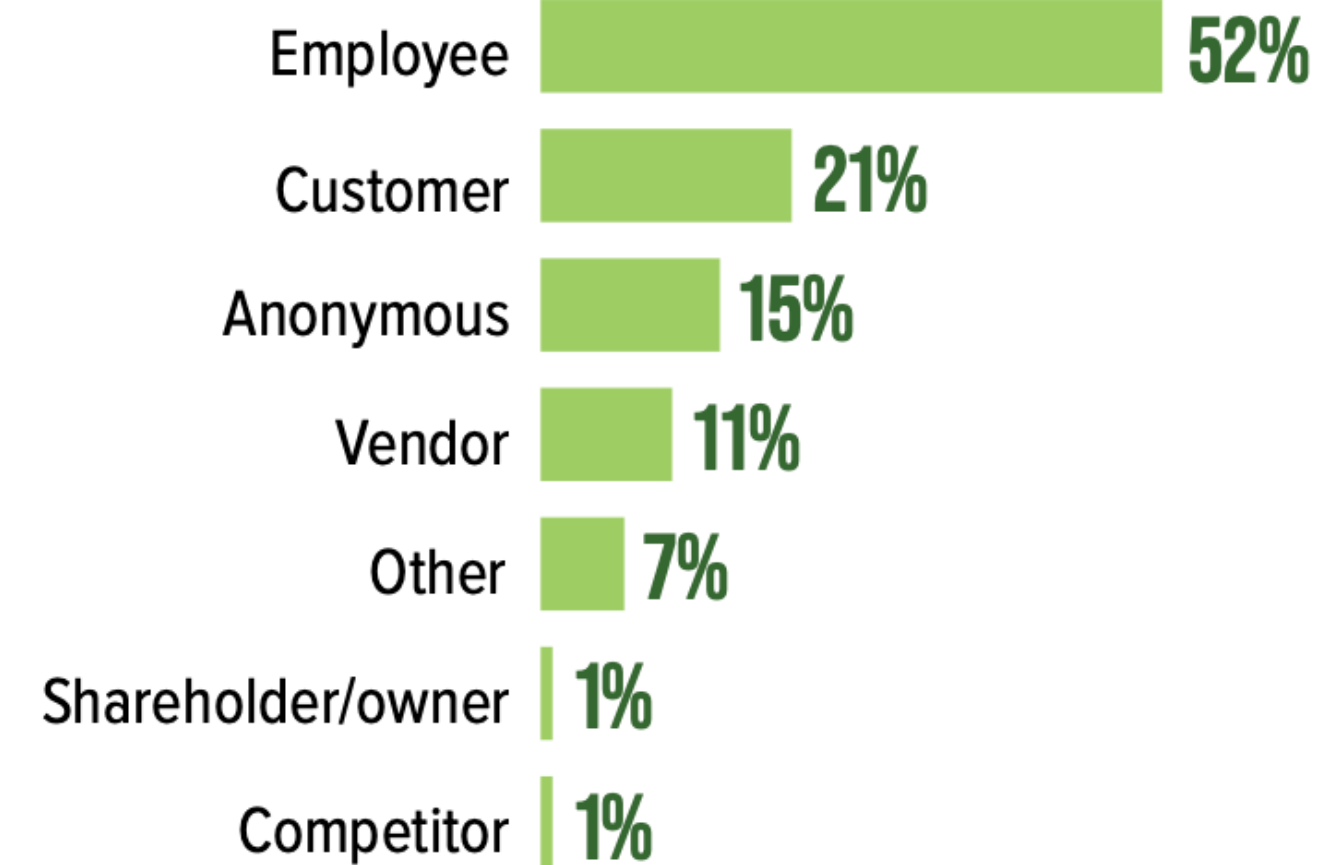


FIG. 14 WHO REPORTS OCCUPATIONAL FRAUD?



- Applies to all forms of conduct;
- Inviting policy, that is used and communicated;
- Anonymous channel available;
- Anti-retaliation;
- Multiple channels to report;
- Use of channel results in communicated cure, remedy;
- Audit Committee and Board oversight of channel;
- WB can contact Board and Audit Committee directly.

2 AI's potential future benefits

The Expert Group identified ten priority AI benefits for enhanced policy focus

BENEFIT 1: Accelerated scientific progress

→ BENEFIT 2: Better economic growth, productivity gains and living standards

BENEFIT 3: Reduced inequality and poverty

BENEFIT 4: Better approaches to urgent and complex issues, including mitigating climate change and advancing other SDGs

→ BENEFIT 5: Better decision-making, sense-making and forecasting

BENEFIT 6: Improved information production and distribution

BENEFIT 7: Better healthcare and education services

BENEFIT 8: Improved job quality

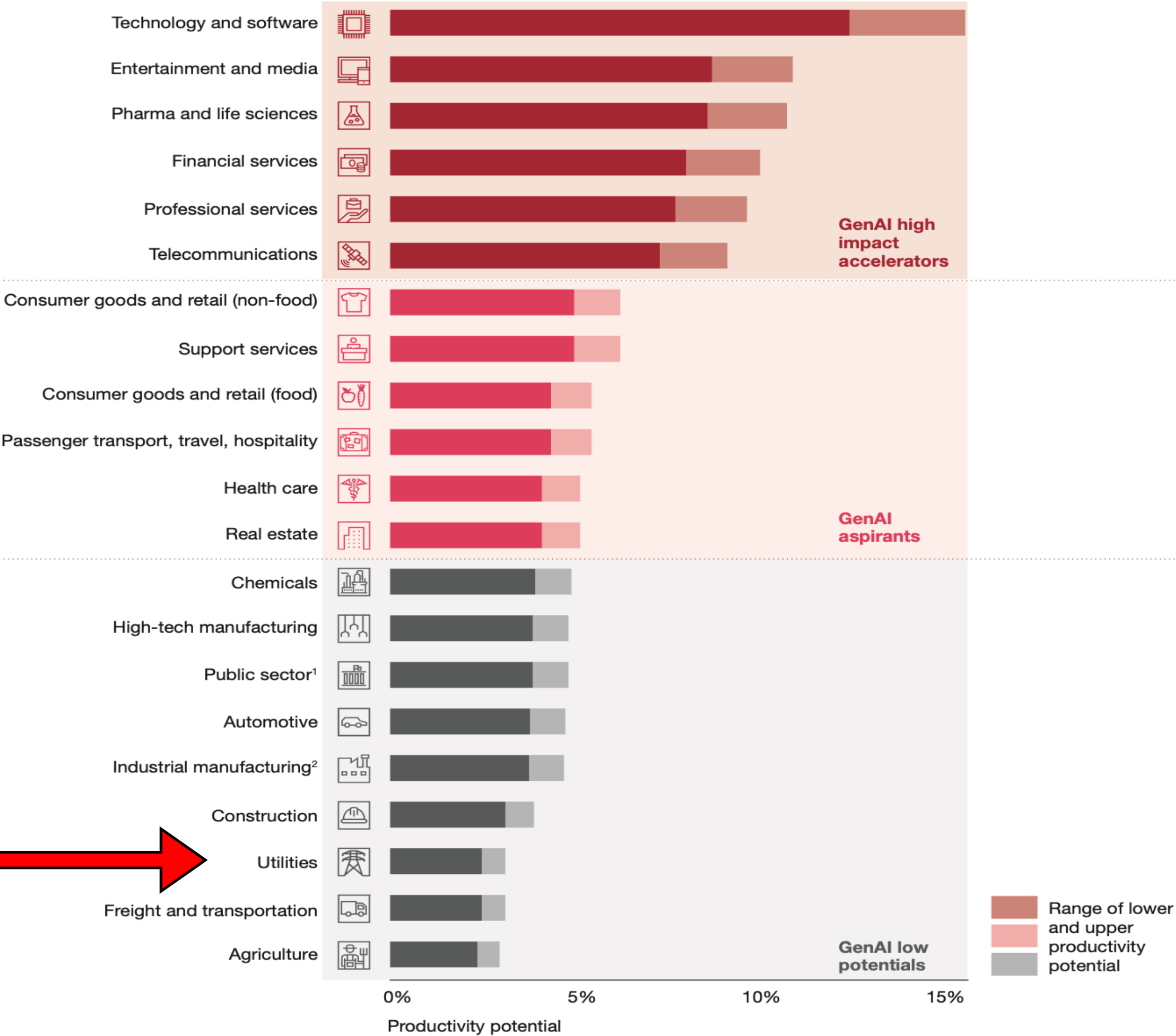
BENEFIT 9: Empowered citizens, civil society and social partners

BENEFIT 10: Improved institutional transparency and governance, instigating monitoring and evaluation

Policy efforts recognise potential future benefits, but gaps may exist

AI Affects Industries and Companies Differently

EXHIBIT 2
GenAI potential by industry



Source: Strategy&, PwC, “[Embracing the GenAI Opportunity](#),” 2024, page 6.

¹ Including public admin. and other services, defense and education
² Including mining and quarrying
Source: Strategy& analysis

Key insights

Gen AI helps fuel rapid financial growth.

→ 74% of enterprises using gen AI report ROI within the first year, with 86% of those reporting increased revenue noting a 6% or more increase.

With the speed of business picking up, gen AI helps companies keep pace.

84% of organizations can move a gen AI use case from idea to production in less than six months. This can enable CEOs to see revenue increases within a year, and it can also significantly shorten the innovation cycle and enhance agility in responding to market demands.

Shared C-level sponsorship helps maximize gen AI's potential.

→ 91% of organizations with robust C-level support that also report increased revenue estimate a 6% or more increase.

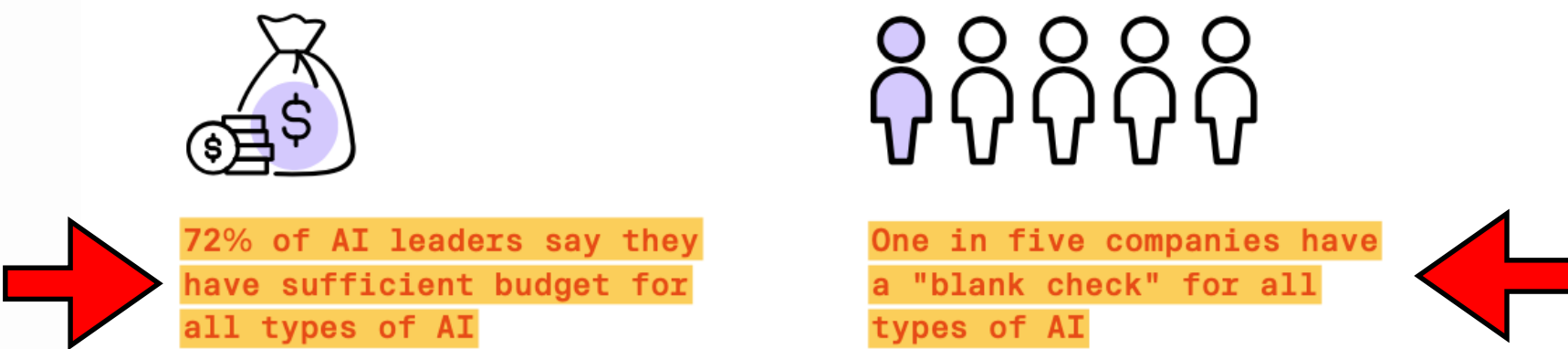
Gen AI helps boost productivity and business performance.

→ 45% of organizations that report improved productivity have seen employee productivity double or more as a result of gen AI, while 63% report that gen AI has directly driven business growth. 85% of those who report an improved user experience also report measurable improvement to user engagement.

1. Corporate boards are all-in on AI

Corporate boards of directors are the ultimate arbiters when it comes to company decisions on strategy and investment. But, in today’s age of AI, where do today’s boards stand on AI?

The answer? Nearly all boards are paying attention to AI. Only 5% of respondents said their board hadn’t engaged or set strategy on AI and 72% reported their boards were providing sufficient support for all AI, including GenAI. Indeed, 21% report that they have a blank check from the board to do whatever is necessary to support all types of AI.



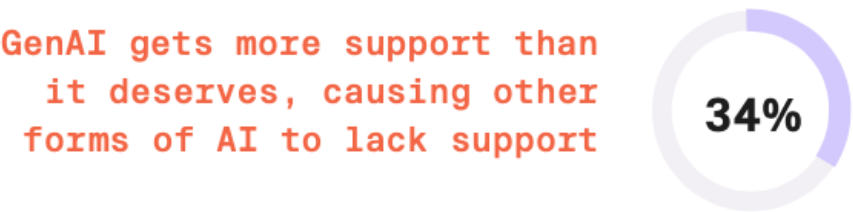
However, some boards may be overly excited by GenAI. A third (34%) say GenAI initiatives get more board support than they deserve, depriving support from other forms of AI and 8% said it was difficult to get funding for anything other than GenAI. This may show that exuberance over GenAI comes at the cost of continuing to innovate with predictive AI or traditional data analytics.

One striking finding here is the revelation that one in five corporate boards has written a “blank check” for AI, regardless of the type. This data shows that most of these companies are on the smaller side in terms of revenue; a finding which may indicate that these companies see AI as a path to competitive differentiation and growth.

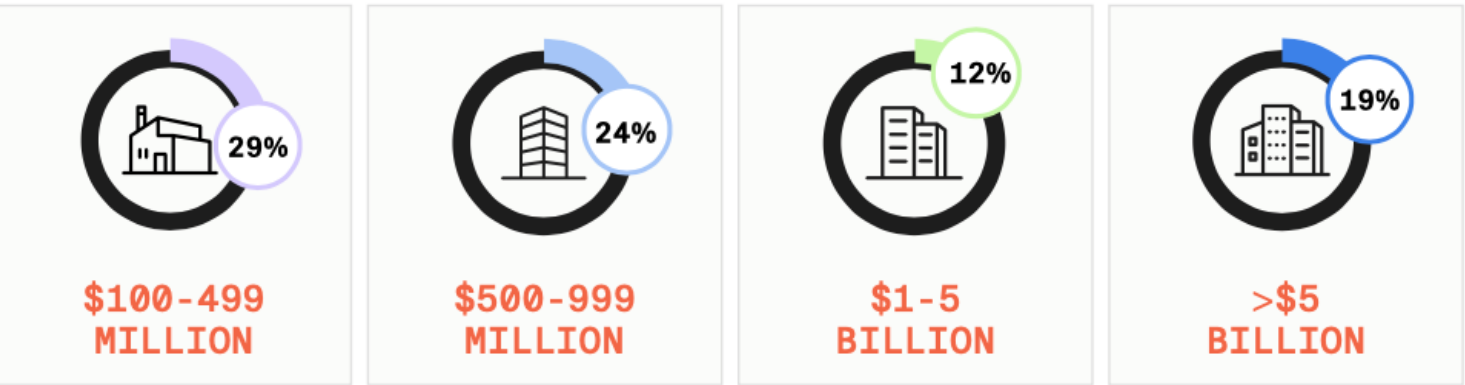
These choices make clear that AI is at a crossroads:

- Nearly one in three (29%) companies with \$100M-\$499M annual revenue (AR) offer AI investments with a carte blanche.
- One in four (24%) companies with AR ranging \$500M-\$999M have the same.

Will enterprises be content with having a few internal chatbots, email writers, and code assistants or will they wield AI to drive a significant step change in revenue and competitive advantage?



“I have a blank check to do what’s necessary for AI, regardless of type.”



Source: Domino, “[AI Leaders Reveal What Works in the Modern Era](#),”

2024, page 4.

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Executive Summary

- **GenAI is dramatically shifting how leaders are charting the course for their organizations:** 71% are leveraging data in decision making, 52% say it is shaping competitive positioning, and 47% say it is opening new revenue opportunities.
- **Executives say AI investment and ROI will increase in the short term.** 83% of respondents say their GenAI investments will increase over the next 3 years, and 78% are confident in the ROI of planned investments.
- **Investment and ROI coincides with near-term plans to integrate GenAI into the business.** In the next 1-3 years, 61% plan to expand the scope of current GenAI initiatives and 55% will introduce GenAI into new business functions.
- **After significant push for training and hiring, workforce readiness is increasing but significant gaps remain.** Only 16% of organizations have a workforce that is highly equipped for GenAI utilization; however, 78% say their teams are moderately equipped reflecting major increases in training (69% up from 12% in 2023) and hiring/acquiring talent (61% up from 24% in 2023).
- **Risk mitigation is a major focus with cyber and data quality top concerns:** While risk remains a top concern, regulatory uncertainty has dramatically decreased as a limiting factor.
- **Regulatory uncertainty as a key risk has decreased.** In 2023 it was 24% compared to just 13% in 2024.

Methodology

The KPMG GenAI Survey 2024 captured perspectives from 225 C-Suite and senior business leaders representing organizations with an annual revenue of \$1 billion or more.

Survey was conducted June 21-July 12, 2024.



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Document Classification: KPMG Confidential

2

32%

of global CEO respondents tell us that generative AI (GenAI) has increased revenue and 34% tell us it's increased profits.

28th Annual Global CEO Survey, PwC, January 2025

- Review the Responsible Use of Artificial Intelligence Directive, Government of Ontario: 30 minutes;
- Review the Responsible Use of Artificial Intelligence in Government, Government of Canada, including the Guide on the use of generative AI, and Guiding principles for the use of AI in government: 60 minutes;
- Review the OECD Principles for Trustworthy AI and Policies, data and analysis for trustworthy AI: 2 hours;
- Replace any computer or device older than three years old or that cannot accommodate your use of AI;
- Begin to use and become familiar with GenAI;

3 Potential future AI risks

The Expert Group identified ten priority AI risks for enhanced policy focus

- ➔ RISK 1: Facilitation of increasingly sophisticated malicious cyber activity
 - RISK 2: Manipulation, disinformation, fraud and resulting harms to democracy and social cohesion
 - ➔ RISK 3: Races to develop and deploy AI systems cause harms due to a lack of sufficient investment in AI safety and trustworthiness
 - RISK 4: Unexpected harms result from inadequate methods to align AI system objectives with human stakeholders' preferences and values
 - RISK 5: Power is concentrated in a small number of companies or countries
 - RISK 6: Minor to serious AI incidents and disasters occur in critical systems
 - ➔ RISK 7: Invasive surveillance and privacy infringement
 - ➔ RISK 8: Governance mechanisms and institutions unable to keep up with rapid AI evolutions
 - ➔ RISK 9: AI systems lacking sufficient explainability and interpretability erode accountability
 - RISK 10: Exacerbated inequality or poverty within or between countries
- Policy efforts could help manage future risks, but some gaps may exist

- Problems with AI: bias, algorithms, buggy code, disinformation, privacy, ethics, security, explainability, interpretability, transparency, lack of internal controls;
- Understand GenAI and its application to revenue streams, services, cost reduction, within the company;
- Require table-top exercises for Directors on AI;
- Review and approve a governance policy for the board's use of GenAI in the boardroom;
- Require Management to propose, to a Committee of the Board, for Board approval, an AI Policy for the Company;

Application to Governance Functions

Artificial intelligence also has the potential to alter the process by which boards fulfill specific governance obligations.

- ➔ • *Strategy.* AI will allow richer access for boards and management in areas of scenario planning, testing assumptions, identifying risk, and prioritizing investment. Some of the work that was previously outsourced to strategy consultants will be available in-house, at lower cost and turnaround time. Boards will be able to compare the recommendations of AI against those of external strategy consultants.
- ➔ • *Compensation.* The compensation committee will have access to analytical and benchmarking tools to evaluate compensation design against a more flexible set of peer institutions. Rather than waiting for external consultants to re-run analyses against pre-designated peer groups, boards and their advisors will be able to analyze sensitivity of pay to peer groups selection in real-time, predict proxy advisor recommendations, and consider tax and legal implications. This is especially plausible because public compensation data is already available in electronic form.
- ➔ • *Human Capital Management.* AI tools will allow the board to perform advanced analytics on information in the company's human capital management databases, apply pattern recognition to workforce data, identify skills gaps, and perform long-range workforce and diversity forecasting.

- ➔ • *Audit.* The audit committee will have access to surveillance tools that look for internal control weakness and identify potential fraud. The external auditor, too, will have access to AI tools that can provide reasonableness checks on a broader scope of transactions. The audit committee will have to consider the risks and ethical considerations of automating the audit process, and how and when to apply human judgment to a more automated process.
- ➔ • *Legal.* AI technology will allow for the monitoring and summarization of emerging legal and regulatory developments, including lawsuits and enforcement actions at other corporations that might have bearing on the company's activities. Directors will have access to alternative legal opinions and cases in real-time.
- ➔ • *Board evaluations.* AI can also be leveraged to track, review, and analyze board effectiveness, at both the individual and board level. AI-driven coaching and advisory tools will be able to replace work that is currently performed through survey forms, helping boards to measure their engagement, evaluate how they allocate their time and focus, and determine whether they are primarily reactive or proactive.

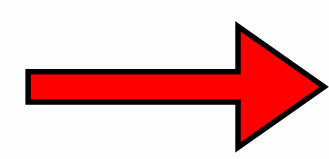
Possible questions on GenAI use in the boardroom

As the use of GenAI becomes more commonplace over time, boards may want to consider how it might have an impact on their roles. Questions to consider include:

- ➔ • Could GenAI be used to formulate questions that directors might ask to assist them in carrying out their fiduciary obligations?
- ➔ • Could it better enable directors to review information to see how different scenarios could play out?
- ➔ • Could GenAI help to determine that the assumptions used by management to develop and implement strategies or to forecast results are faulty and/or replace those assumptions?
- ➔ • Could GenAI find errors in financial reports or internal control weaknesses to strengthen audit committees' oversight of these areas?
- ➔ • For mergers and acquisitions activity, could GenAI determine ahead of time that an acquisition is unlikely to be successful?

■ What should be in an Artificial Intelligence Policy for the Company:

- Auditing of Controls;
- Bias Detection and Controls;
- Books and Records Maintenance;
- Content Assurance;
- Dispute Resolution;
- Employee Training;
- Environmental Impact;
- Ethical Impact Analysis;
- Explainability and Interpretability;
- Glossary of Terms;
- Governance;
- Human Interaction and Review;
- Information Integrity, Cyber Security;
- Informed Consent;
- Intellectual Property;
- Large Language Models;
- Pilot Testing and Continuous Feedback;
- Privacy Protection;
- Recommendation Assurance;
- Regulatory Compliance;
- Responsible Use;
- Risks of Usage;
- Stakeholder Impact and Reporting on AI;
- Third Party Controls;



Utilizing the agency's skills matrix to advise the minister of any competency skills gaps on the board and provide recommendations for recruitment strategies, appointments, or re-appointments as needed, including advising the minister on appointee attendance and performance;

- Completion of the skills and competency matrix;
- Succession planning on the basis of tenure and expected competency gaps, e.g., accounting, other;
- Competencies developed through SKEET (skills, knowledge, education, experience, training);
- Core self study: Strategic plan, risk profile, governance policies, legal and regulatory environment, artificial intelligence, and financial literacy: 30+ hours focus;

- Intellectual curiosity and a bias to learn;
- Using the full skill set of all directors;
- Board's runway to best board member practice: attributes and peer review:

1. Integrity and Loyalty	8.33	8.27	8.04	8.27	7.70	7.93	7.83	7.80	7.53	7.35	7.00	7.24	6.82
2. Monitoring and Oversight Orientation	8.63	8.53	8.04	7.77	8.00	7.60	7.00	7.07	7.30	6.24	5.88	6.06	5.53
3. Interpersonal and Social Style	8.37	8.23	7.63	7.90	7.43	7.80	6.93	7.07	6.90	6.80	6.47	6.10	6.12
4. Analytical and Thinking Skills	8.37	8.53	7.81	7.47	7.50	7.37	7.47	7.17	6.97	6.06	6.16	5.94	5.95
5. Strategic and Advisory Orientation	8.42	8.45	8.52	7.73	7.83	7.63	7.10	7.09	6.90	6.10	5.53	5.41	5.32
Overall BEAM™ Score	8.42	8.41	8.00	7.83	7.69	7.67	7.27	7.24	7.12	6.53	6.19	6.19	5.93

12. Board and Committee Leadership

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- The four responsibilities of board, committee chairs;
- What chairs dislike the most;
- The only meetings chairs and directors should attend;
- A chair is *primus inter pares* (first among equals);
- Watch for management capture of you;
- Committees review and recommend, and with rare exception, do not approve;
- Only a board approves and decides;
- Ownership of board, committee assessment results;



Questions

Please type in the chat



Dr. **Richard Leblanc** is an award-winning teacher and researcher, consultant, lawyer and specialist on corporate governance and accountability. He was awarded Fellow of the Canadian Association of Management Consultants, received a teaching award as one of the top five university teachers in Ontario, and was named to *Canadian Who's Who*.

- Dr. Leblanc's research expertise is in corporate governance, specifically in the effectiveness of boards of directors.
- He will provide hands on examples of how to maneuver the challenges directors could face based on his extensive service as an external advisor to boards that have won national awards and peer endorsement from institutional shareholders for their corporate governance practices.
- His work, directly or indirectly, has impacted companies throughout the world, including those that have used Dr Leblanc's methodology to strengthen their governance effectiveness and accountability practices.
- Dr. Leblanc brings to business and professional audiences a depth of information from his extensive research and work with over 150 organizations; and training, assessment and development of over 1,000 directors and managers.

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