



# Operational Risk Management

## Institute of Corporate Directors, Calgary Chapter

### Breakfast Session – Thursday, September 23<sup>rd</sup>, 2010

Operational risks are an important and complex aspect of corporate risk management. These risks include loss of revenue and increased costs arising from operational upsets; health, safety and environmental costs; and reputation risks.

Recent events in different sectors of business have reinforced the potential liabilities companies experience relative to operational risk:

- *“Canada’s Largest Environmental Lawsuit a Victory. Ontario court rules Vale must pay \$36 M to Port Colborne residents”*
- *“The U.S. Department of Labor’s Occupational Safety and Health Administration (OSHA) announced it is issuing \$87,430,000 in proposed penalties to BP Products North America Inc. for the company’s failure to correct potential hazards faced by employees. The fine is the largest in OSHA’s history.”*
- *“Oilsands giant Syncrude was found guilty on both environmental charges it was facing in connection with the April 2008 deaths of 1,600 ducks in one of its northern Alberta tailings ponds. Syncrude was charged under the Alberta Environmental Protection and Enhancement Act and the federal Migratory Birds Convention Act with failing to protect migratory birds from a toxic tailings pond. In a decision delivered to a packed courtroom in St. Albert, Alta., provincial court Judge Ken Tjosvold said Syncrude didn’t exercise due diligence in preventing the birds from landing on the water.”*
- *“Ongoing Toyota Recall Holds Serious Liability Implications For Manufacturer. The unfolding story surrounding recalls related to faulty design in several Toyota vehicles is alarming in its implications for the automobile manufacturer. President Akio Toyoda acknowledged in an opinion piece published in The Washington Post on Feb. 9 that the company had “failed to connect the dots” between sticky accelerators in Europe identified as early as December 2008 and those in the U.S. that culminated in the massive recalls.”*
- *“BP Plc shares fall from \$62.68 to \$26.75 after the Deepwater Horizon incident, representing a market capitalization loss of \$110 billion over a 60 day period”.*

#### Date

September 23, 2010

#### Time

7:15 a.m. – 9:00 a.m.

#### Location

Calgary Petroleum Club

**Cost for Members –\$40.00**

**Non-Members - \$50.00**

#### Registration

Register online at [www.icd.ca](http://www.icd.ca)

#### CHAPTER EXECUTIVE

Sarah Raiss, ICD.D (Chair)  
Ian Bourne, ICD.D (Treasurer)  
Terry Allen, ICD.D  
Noralee Bradley  
Brian Felesky, ICD.D  
John Gordon  
Karen Prentice, QC, ICD.D  
Kathy Sendall  
Rory Tyler  
John Watson, ICD.D  
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While operational risks can be very significant, many Boards struggle with both a skill and information gap necessary to effectively govern these risks. A panel of experts will discuss their views on the governance of operational risks:

**Moderator:**

- **George Pilko**, Chairman, Pilko & Associates, LP

**Panelists:**

- **Mike Ashar**, President and Chief Executive Office, Irving Oil
- **James Baggs**, Vice President, Operations & Engineering, TransCanada Corp
- **Mel Benson**, Outside Director, Suncor Energy
- **David Phillips**, Partner, McCarthy Tetrault

The panel will discuss fiduciary responsibilities of directors, best practices and board governance of operational risks. Key questions around cross border governance, board composition and engagement also will be addressed.

Please join us for this timely and insightful breakfast session on September 23, 2010.

Yours truly,

Sarah Raiss, ICD.D  
Chairman

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