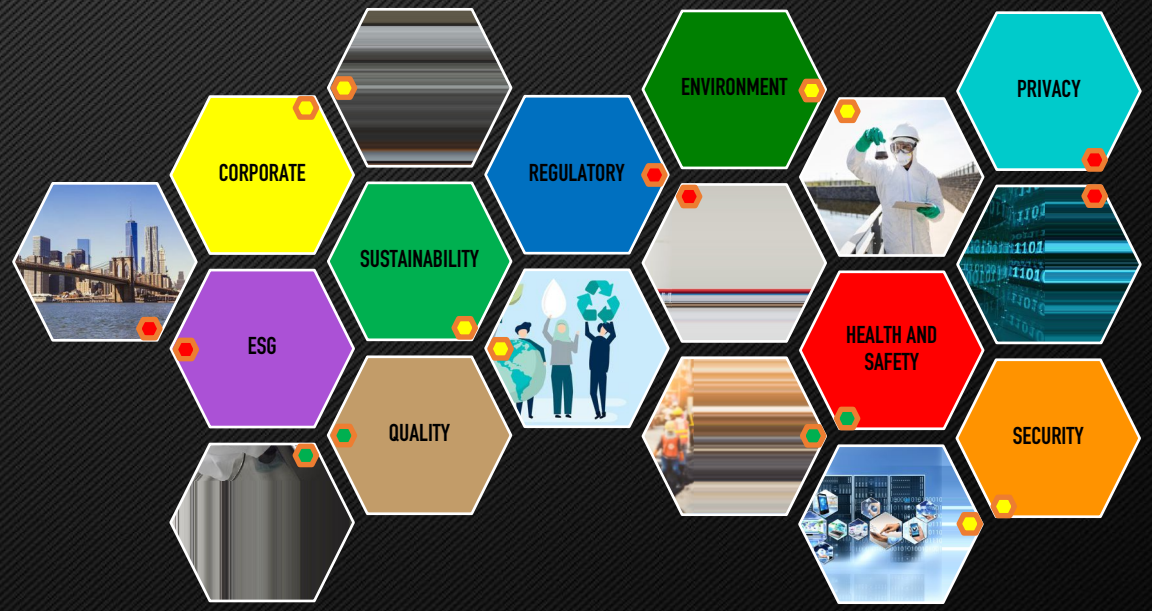
LEAN COMPLIANCE

OPERATIONAL GOVERNANCE

STEERING TOWARDS BETTER OUTCOMES

Raimund Laqua, PMP, P.Eng
ray.laqua@leancompliance.ca



www.leancompliance.ca

WEBINAR ETIQUETTE

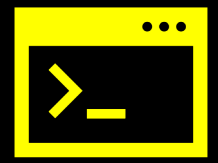
- *Mute your microphone*



- *Turn off your video*



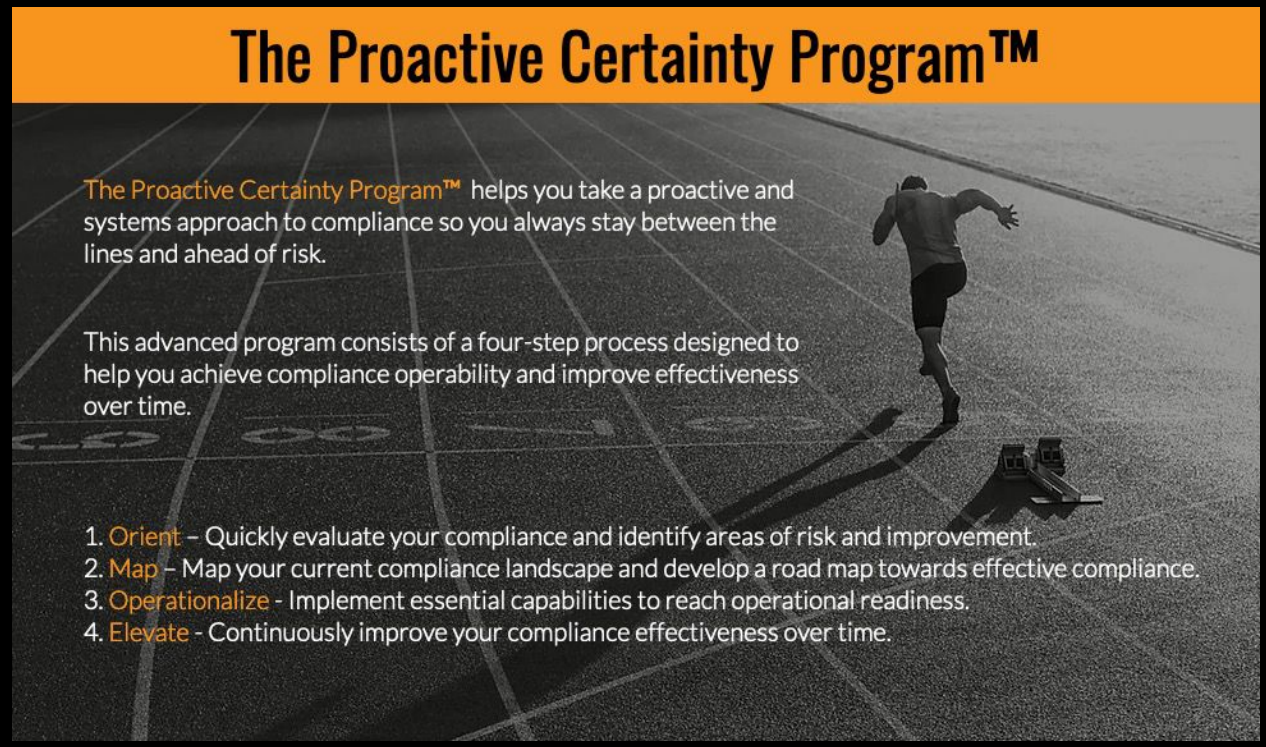
- *To ask a question type it in the chat window*



ABOUT US

LEAN COMPLIANCE

helps organizations
stay between the lines and ahead of risk

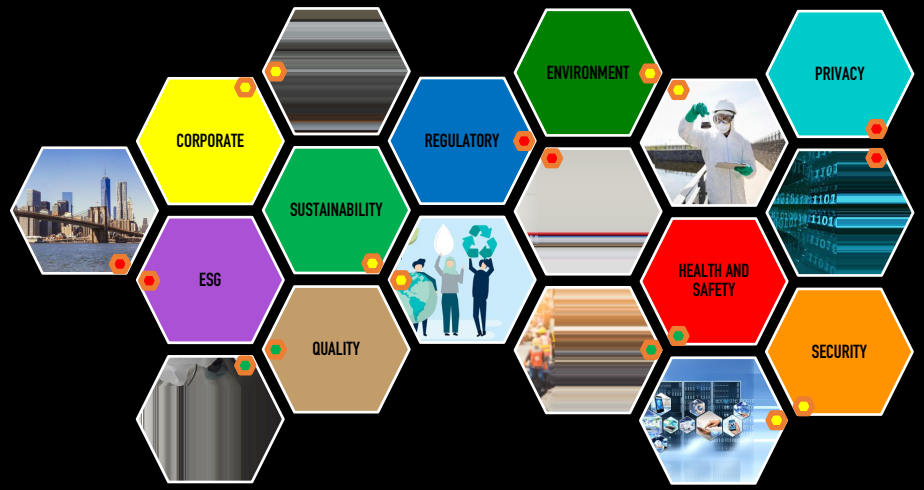


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THE BIG IDEA

What is the problem?

The uncertainty of meeting goals and objectives associated with obligations is creating the opportunity for mission failure.



1. The number and scope of initiatives from regulations, standards, and stakeholder obligations is expanding.
2. Existing management structures are struggling to meet obligation objectives or steer towards outcomes.
3. Many initiatives do not have a home and are handled partially, separately and often without co-ordination of effort or purpose.
4. Confidence that obligations will be met or outcomes advanced is low.

To address this risk, operational governance is needed to negotiate organizational barriers to steer towards better outcomes

WEBINAR OUTLINE



1. Nature of Obligations
2. Operationalizing Obligations
3. Organizational Barriers
4. Operational Governance
5. Operational Programs
6. Wrap up

WEBINAR OUTLINE



1. Nature of Obligations
2. Operationalizing Obligations
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NATURE OF OBLIGATIONS

Obligations vary by regulatory design, type, and scope

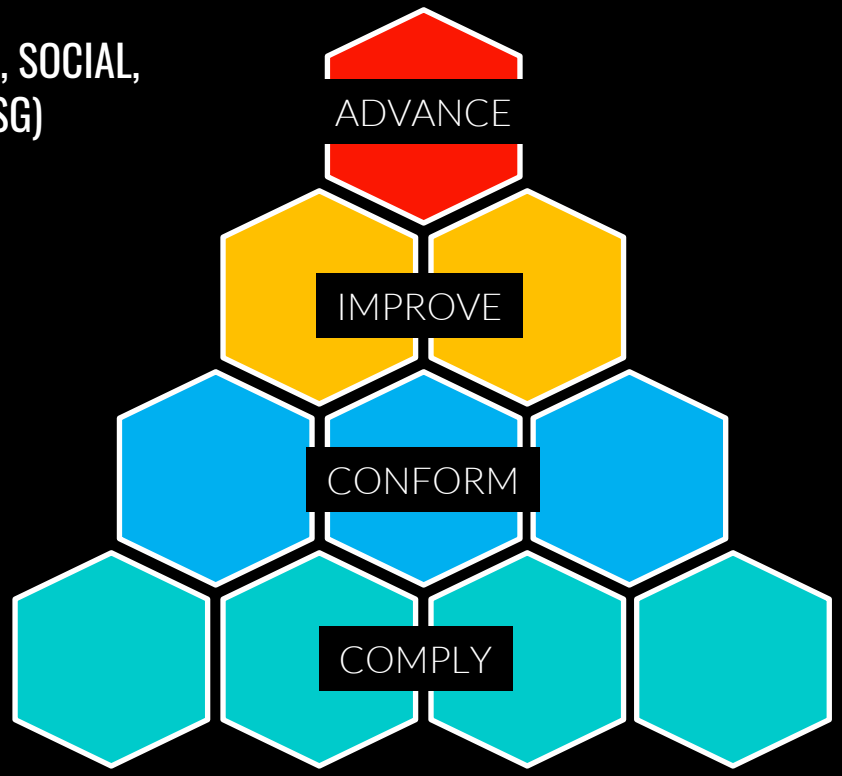
ACCEPTING STAKEHOLDER RESPONSIBLITY

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

VISION ZERO

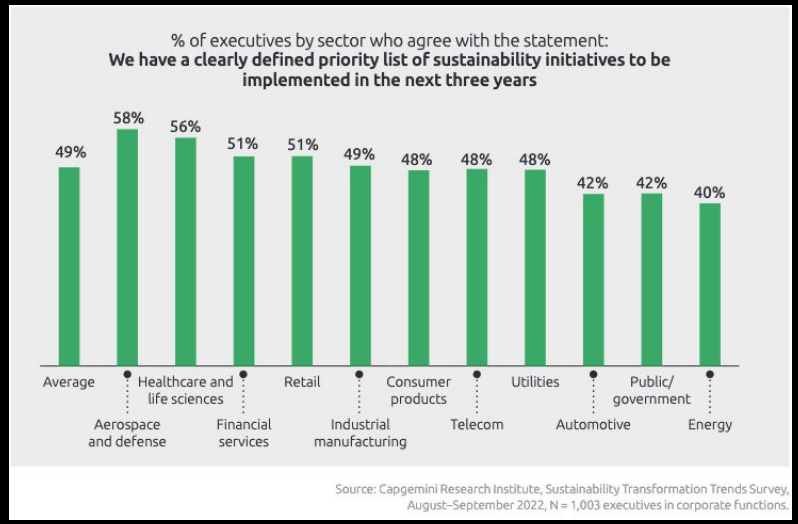
INDUSTRY STANDARDS

REGULATIONS



SOCIAL LICENSE

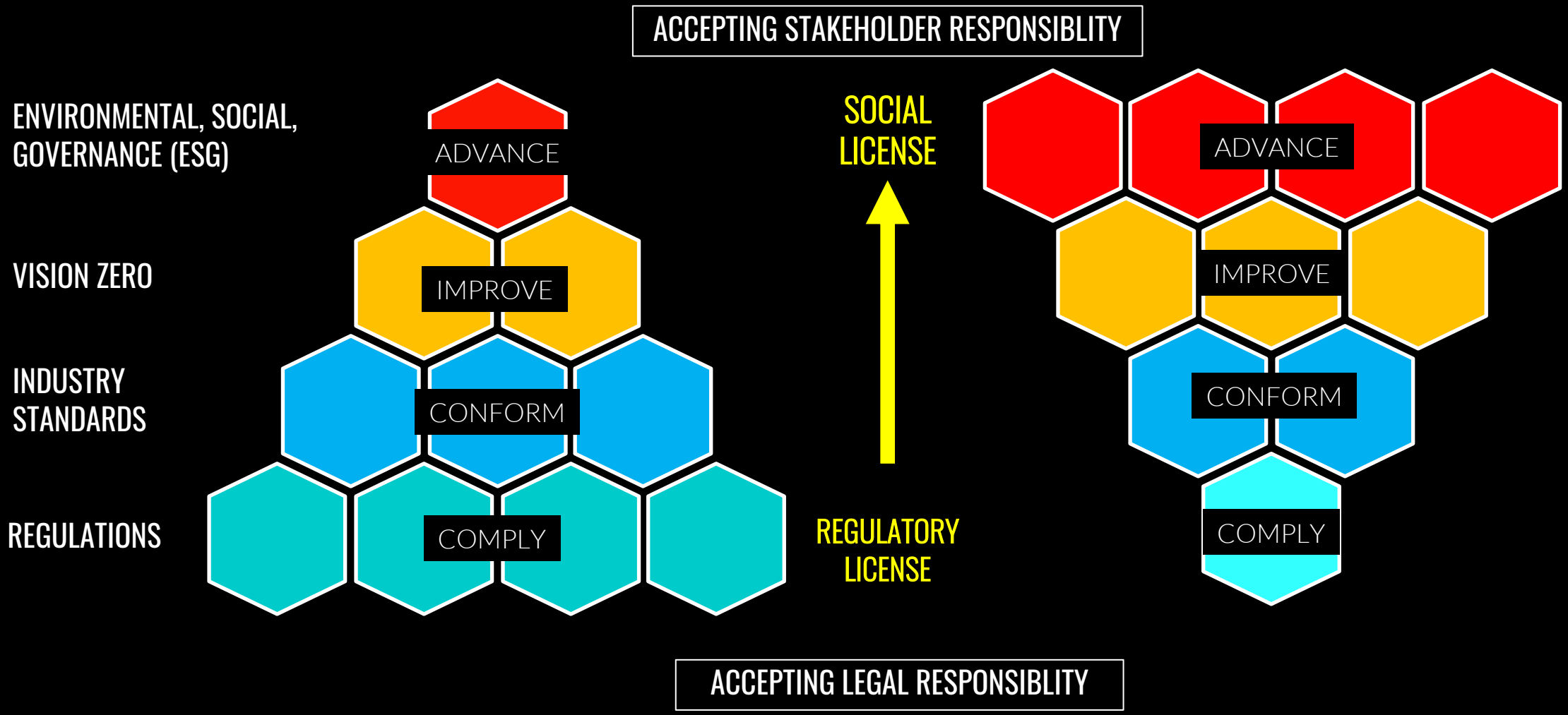
REGULATORY LICENSE



ACCEPTING LEGAL RESPONSIBLITY

NATURE OF OBLIGATIONS

Obligations vary by regulatory design, type, and scope



NATURE OF OBLIGATIONS

ESG obligations create a significant and different burden



NATURE OF OBLIGATIONS

ESG obligations can be expressed as intention, outcomes, goals, etc.

Goals

We create products and services to enrich the lives of our customers. And we strive to do so in a way that sustains the planet and the resources that we all depend on. Setting ambitious goals is essential to this — to drive the innovation and collaboration that makes change possible and to be transparent and accountable to our progress.

Climate Change

Achieve carbon neutrality for our entire carbon footprint by 2030, and reach our science-based emissions reduction target

Create products with net zero carbon impact by 2030

Transition our entire product supply chain to 100% renewable electricity by 2030



Resources

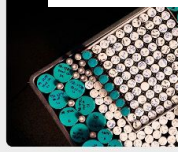
Use only recycled and renewable materials in our products and packaging, and enhance material recovery

Eliminate plastics in our packaging by 2025

Reduce water impacts in the manufacturing of our products, use of our services, and operation of our facilities

Eliminate waste sent to landfill from our corporate facilities and our suppliers





2021 ESG scorecard

	ESG topic	2021 target	2021 performance[1]	Status
Building integrity and trust	Privacy and information security	No unresolved privacy findings against CIBC by regulators[2]	No unresolved privacy findings	✓
	Commitment to our clients	Continuous improvement year-over-year in our CIBC Enterprise Net Promoter Score (CX NPS)[3]	1.6 point increase from 2020	✓
	Business ethics	100% employee completion rate for ethical training on our Code of Conduct[4]	100%	✓
Creating access to opportunities	Inclusive banking	Engage 200,000 clients in financial education seminars and events over three years (2019–2021)[5]	74,000 clients engaged	✓ 106%[5][6] achieved to date (over 212,000 clients)
		Provide $9 billion in new loan authorizations to small and medium-sized enterprises (SM years (2020–2023) (Canada)	$4.8 billion[7]	

Clear sustainability commitments

Our sustainability targets cover material sustainability issues

Safety	▪ Journey to Zero ▪ 15% short term incentive plan on safety; 10% on long term ir
Climate	▪ Group 2030 target of 25% reduction in CO_2e per tonne steel
Gender	▪ Double women in management to 25% by 2030
ESG - steel	▪ ResponsibleSteel™ certification for ArcelorMittal steelmaking
ESG - mines	▪ AMMC iron ore mine to be IRMA certified by 2025

ESG Focus Areas

Grounded in Our Credo values, our focus areas fuel progress toward our Company's Purpose and build on a foundation of accountability and innovation.

Champion global health equity

Foster better health for people, communities and planet, improving access and affordability around the world.

Empower our employees

Cultivate a workforce that is healthy, inspired and reflective of those we serve.

Advance environmental health

Protect environmental health and the resilience of our business.

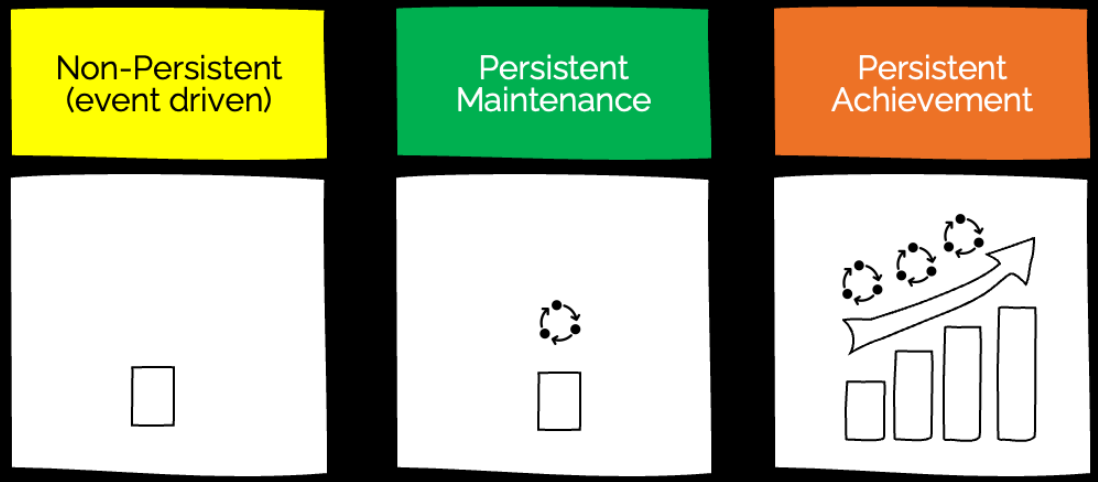
Lead with accountability and innovation

Commitment to science and data-driven decision making, compliance, integrity and responsible business practices across the value chain.

NATURE OF OBLIGATIONS

Obligations will require different capabilities to meet

OBLIGATION DESIGN	EXAMPLE	OBLIGATION TYPE
Outcome-based	Journey to Zero	Persistent Achievement
Goal-based	Achieve carbon neutrality for our entire carbon footprint by 2030	Persistent Maintenance
Performance-based	Continuous improvement year-over-year in our Net Promoter Score	Persistent Achievement
Standards-based	ResponsibleSteel™ certification by 2025	Persistent Maintenance
Rules-based	100% employee completion for ethical training on Code of Conduct by 2023.	Non-Persistent



What strategies are needed?

WEBINAR OUTLINE



1. Nature of Obligations
2. Operationalizing Obligations
3. Organizational Barriers
4. Operational Governance
5. Operational Programs
6. Steps to Operability

OPERATIONALIZING OBLIGATIONS

Each obligation requires a promise (i.e., operational commitment)

OBLIGATIONS:

- Intention – this is the desired outcome.
- Imposition – an attempt to induce cooperation from another agent (i.e. implant an intention)
- Obligation – an imposition with a cost or penalty for non-compliance.



PROMISES:

- Promise – when an intention is publicly declared to an audience it becomes a promise. A promise must have an agent.
- Agent - the person or thing making a promise. Agents cannot promise for anyone else.
- Assessment – a determination of whether or not a promise has been kept or not.

Promises are the operational component of obligations

†Promise Theory – Mark Burgess

LEAN COMPLIANCE

OPERATIONALIZING OBLIGATIONS

Obligations become the source of operational policy

ESG OBLIGATIONS



Obligations (Imposition)

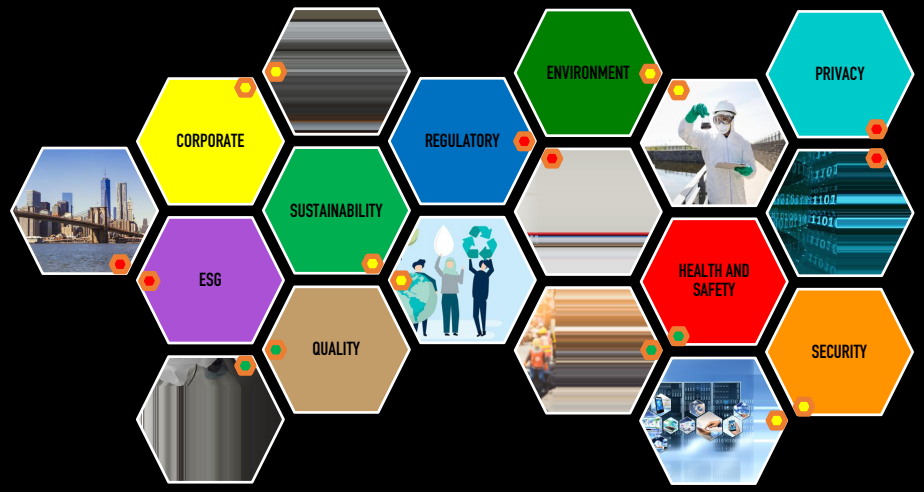
Managed Obligations

OBLIGATION

PROMISE

Managed Promises

OPERATIONAL POLICIES



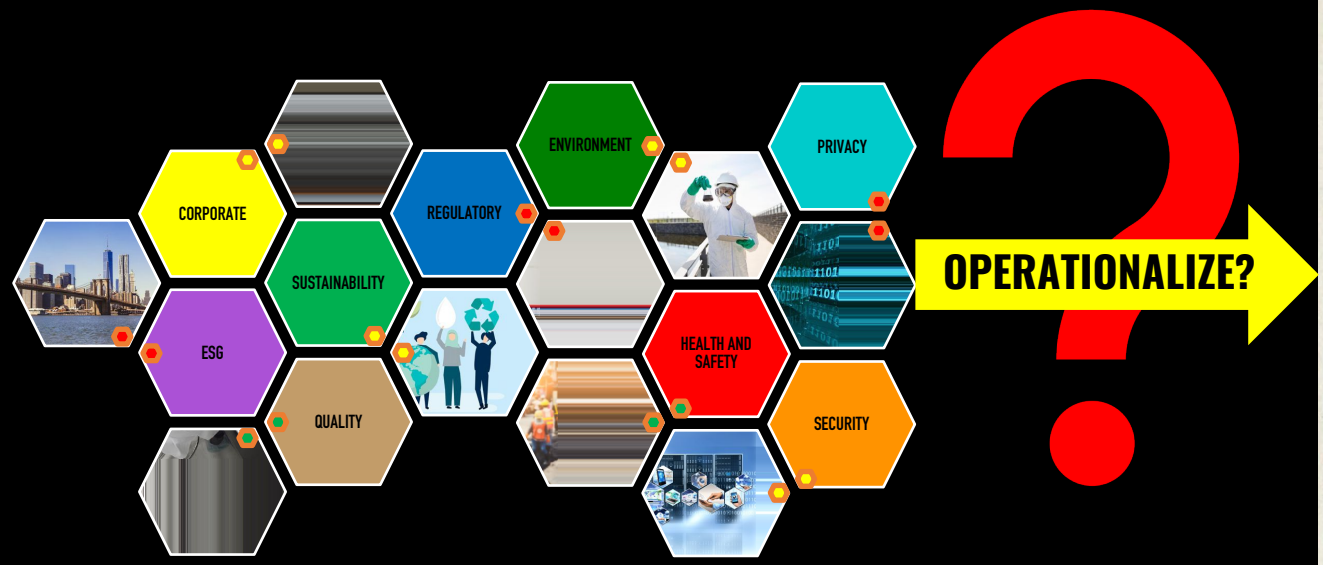
Promises (Documented Intent)

An obligation without a promise is wishful thinking.

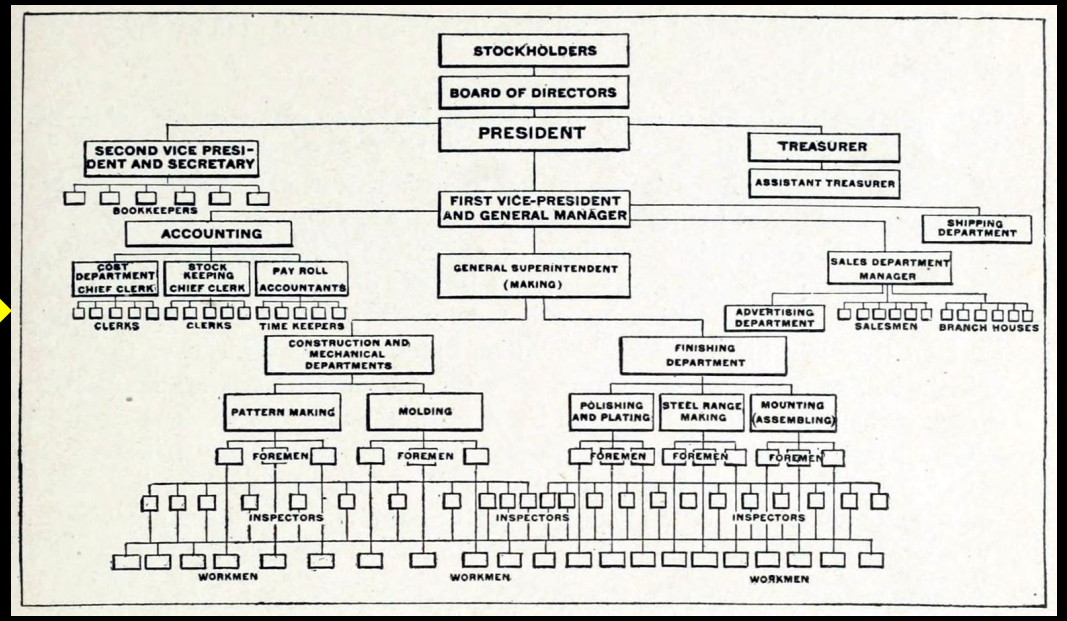
OPERATIONALIZING OBLIGATIONS

Obligations become the source of operational policy

OPERATIONAL POLICIES



ORGANIZATION



Where do operational policies reside within an organization?

OPERATIONALIZING OBLIGATIONS

Where are promises best managed?

† Adapted Value Chain Analysis - Michael Porter



TRANSFORMATION

OUTCOMES

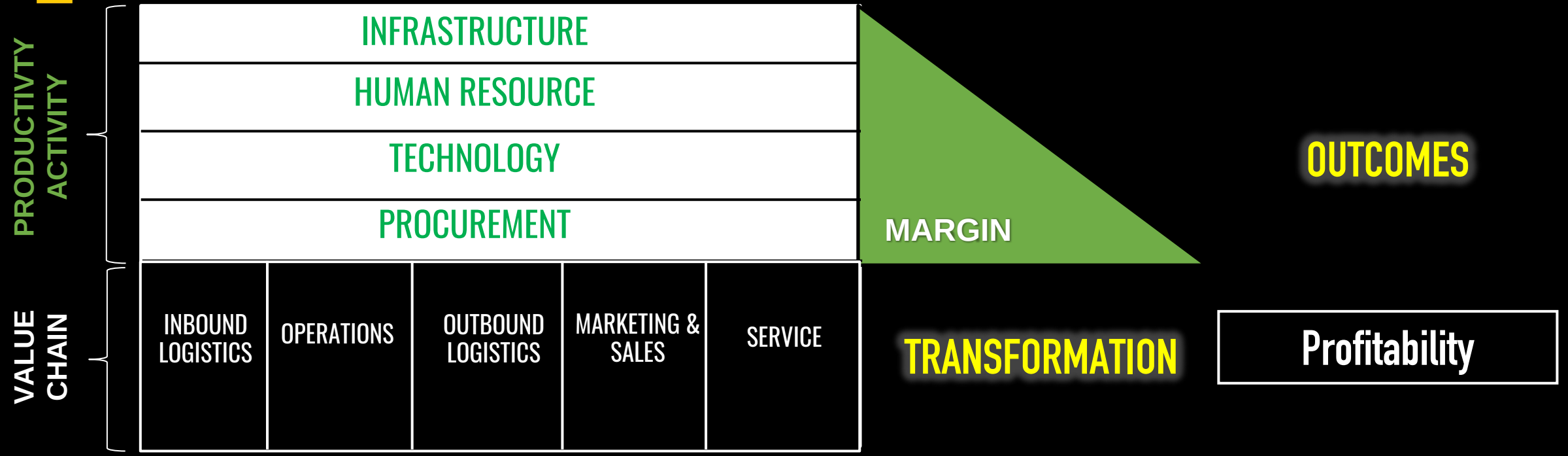
Profitability

Value in the eyes of all stakeholders

OPERATIONALIZING OBLIGATIONS

Where are promises best managed?

† Adapted Value Chain Analysis - Michael Porter

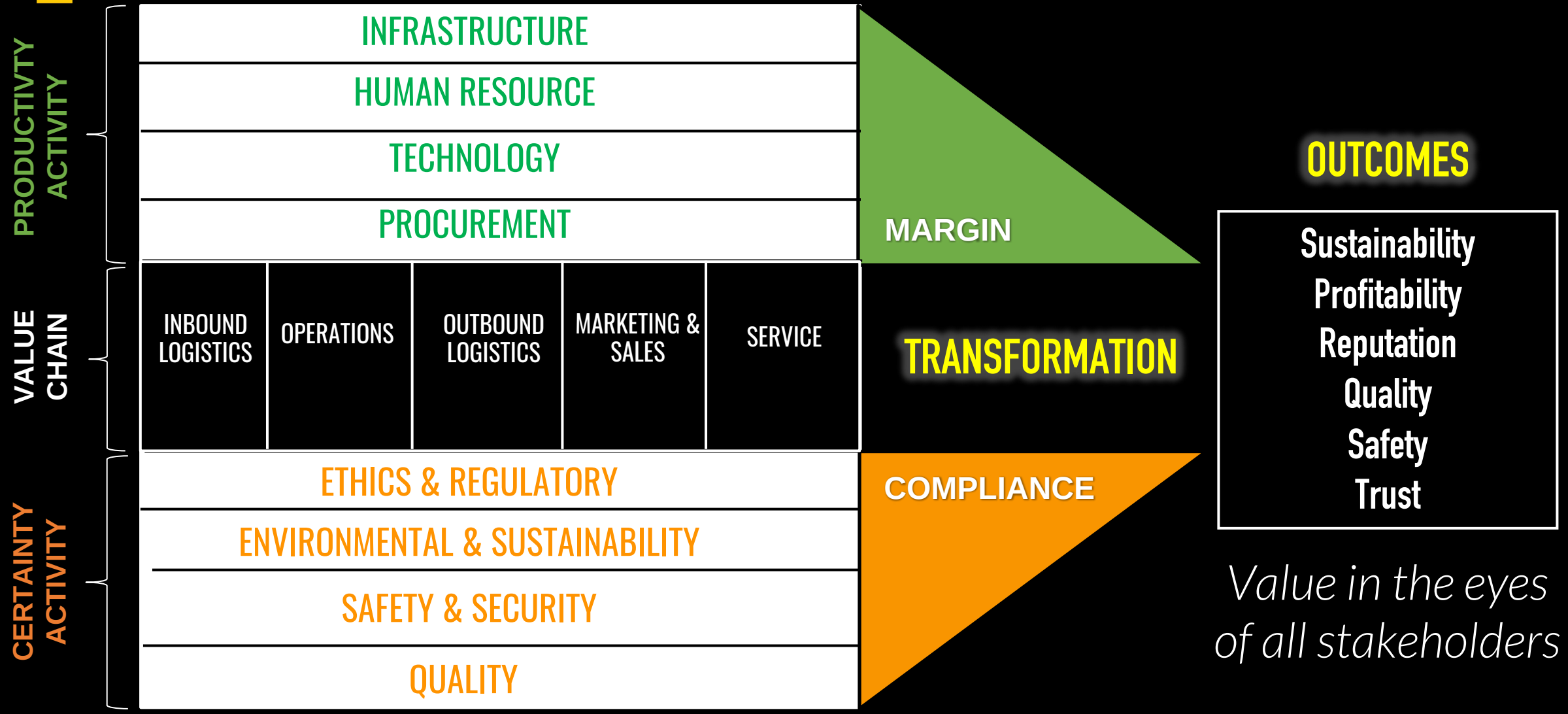


Value in the eyes of all stakeholders

OPERATIONALIZING OBLIGATIONS

Where are promises best managed?

† Adapted Value Chain Analysis - Michael Porter



Value in the eyes of all stakeholders

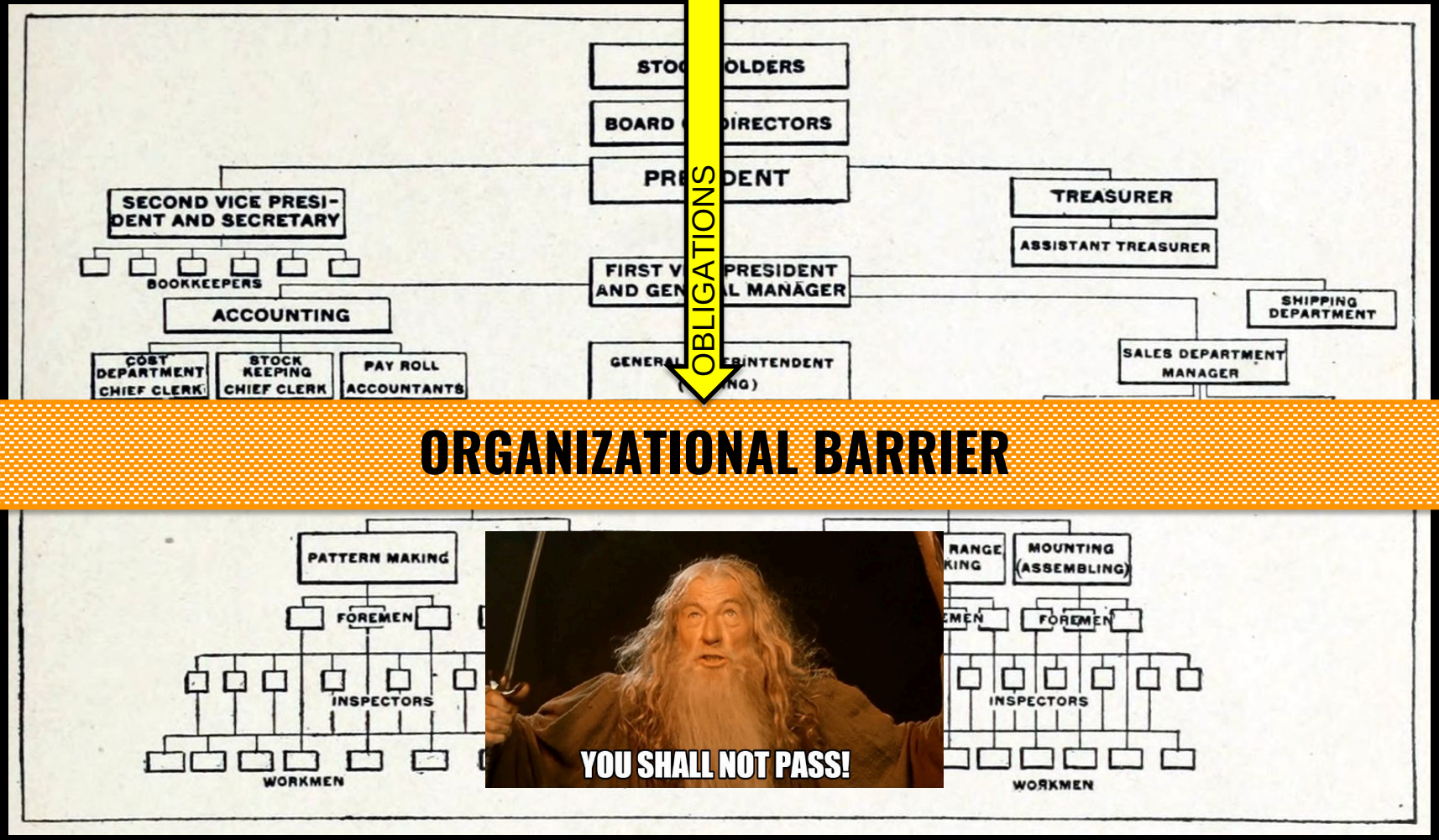
WEBINAR OUTLINE



1. Nature of Obligations
2. Operationalizing Obligations
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ORGANIZATIONAL BARRIERS

What hinders obligations from becoming operationalized?



Organizational Barriers refers to organizational aspects that hinder mission success.

ORGANIZATIONAL BARRIERS

What hinders obligations from becoming operationalized?

UPPER MANAGEMENT



Proactive



Ends



Advancement

OBLIGATIONS



Strategy



Outcomes



Take Risk

MIDDLE MANAGEMENT

ORGANIZATIONAL BARRIER

LOWER MANAGEMENT

ORGANIZATIONAL BARRIERS

What hinders obligations from becoming operationalized?

UPPER MANAGEMENT


Proactive


Ends


Advancement

OBLIGATIONS


Strategy


Outcomes


Take Risk

MIDDLE MANAGEMENT

ORGANIZATIONAL BARRIER

Reactive



Means



Conformance



Execution



Performance



Eliminate Risk



LOWER MANAGEMENT

ORGANIZATIONAL BARRIERS

What hinders obligations from becoming operationalized?

UPPER MANAGEMENT



Directors



Programs



Obligations

OBLIGATIONS



Alignment



Benefits



Mission Success

MIDDLE MANAGEMENT

ORGANIZATIONAL BARRIER

Supervisors



Systems



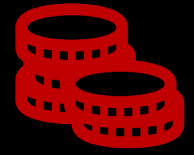
Promises



Performance



Cost



Operational Risk



LOWER MANAGEMENT

Resistance is directly proportional to how well translation is done.

ORGANIZATIONAL BARRIERS

Push Strategy

UPPER MANAGEMENT



- Throw it over the wall
- Strong leadership
- Action plans
- Commands
- Training

MIDDLE MANAGEMENT

ORGANIZATIONAL BARRIER

LOWER MANAGEMENT

ORGANIZATIONAL BARRIERS

Pull Strategy



ORGANIZATIONAL BARRIERS

Pull Strategy

UPPER MANAGEMENT

OBLIGATIONS

- Throw it over the wall
- Strong leadership
- Action plan
- Commands
- Training

MIDDLE MANAGEMENT

ORGANIZATIONAL BARRIER

PROMISES

- Voluntary
- Ownership
- Agency
- Risk-based
- Continuous Improvement

LOWER MANAGEMENT

Hoshin Kanri

Policy Deployment



Catchball

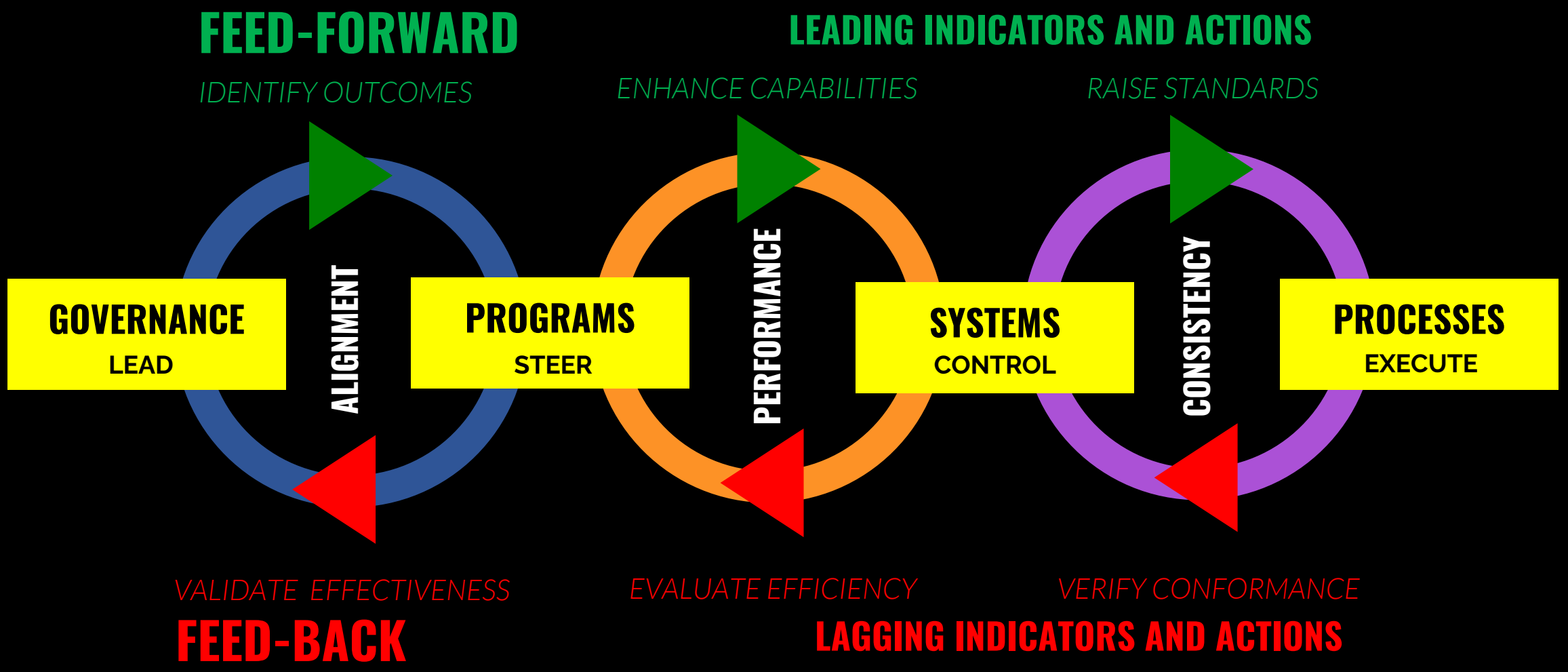
WEBINAR OUTLINE



1. Nature of Obligations
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OPERATIONAL GOVERNANCE

How do you steer towards outcomes?



OPERATIONAL GOVERNANCE

Properties

Characteristic	Governance	Programs	Systems	Processes
Accountable	Steering Committee	Managing Director	Systems / Department Manager	Supervisor
Time Horizon	Long Term	Multiple years	Month to years	Days to Months
Role	Lead	Steer	Control	Execute
Prescribes	Conditions	Operating Parameters	Standard of Work	Sequence of Work
Goal	Effectiveness	Performance	Consistency	Conformance
Value	Advance Outcomes	Stay ahead of risk	Stay between the lines	Stay out of jail
Driver	Introduce Requirements	Introduce Change	Resist Change	Follow Work Plan
Change Mechanism	Operational Programs	Change Management	Management of Change (MOC)	PDCA
Change Object	New Program	New Capability	Improved Capability	Improved Work
Change Methodology	Program Development	Lean Startup / MVP	Lean PDCA / Six Sigma	Training
Assurance	Stakeholder Audit	Validation	Verification	Qualification
Behavior	Proactive	Proactive	Reactive	Reactive

ORGANIZATIONAL BARRIER

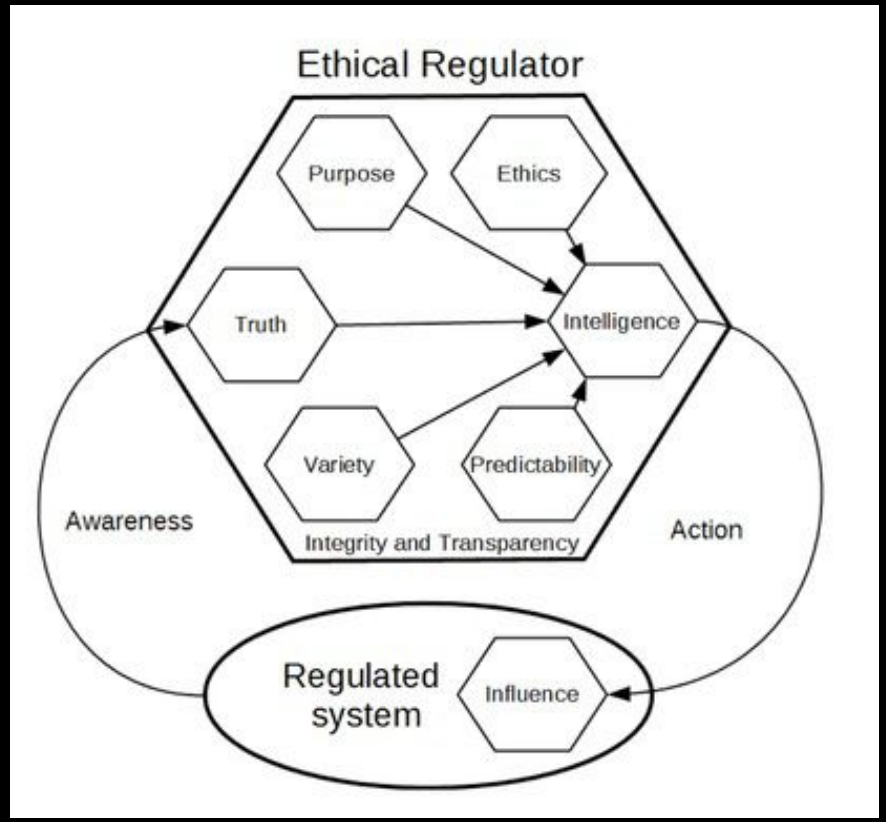
OPERATIONAL GOVERNANCE

Cybernetics – the science of steering

Cybernetics – derived from the Greek word “governance” or ”to steer”. Wide-ranging field concerned with regulatory and purposeful systems. The core concept of cybernetics is circular causality or feedback—where the observed outcomes of actions are taken as inputs for further action in ways that support the pursuit and maintenance of particular conditions, or their disruption.

Cybernetics is named after an example, that of steering a ship, where the helmsperson maintains a steady course in a changing environment by adjusting their steering in continual response to the effect it is observed as having.

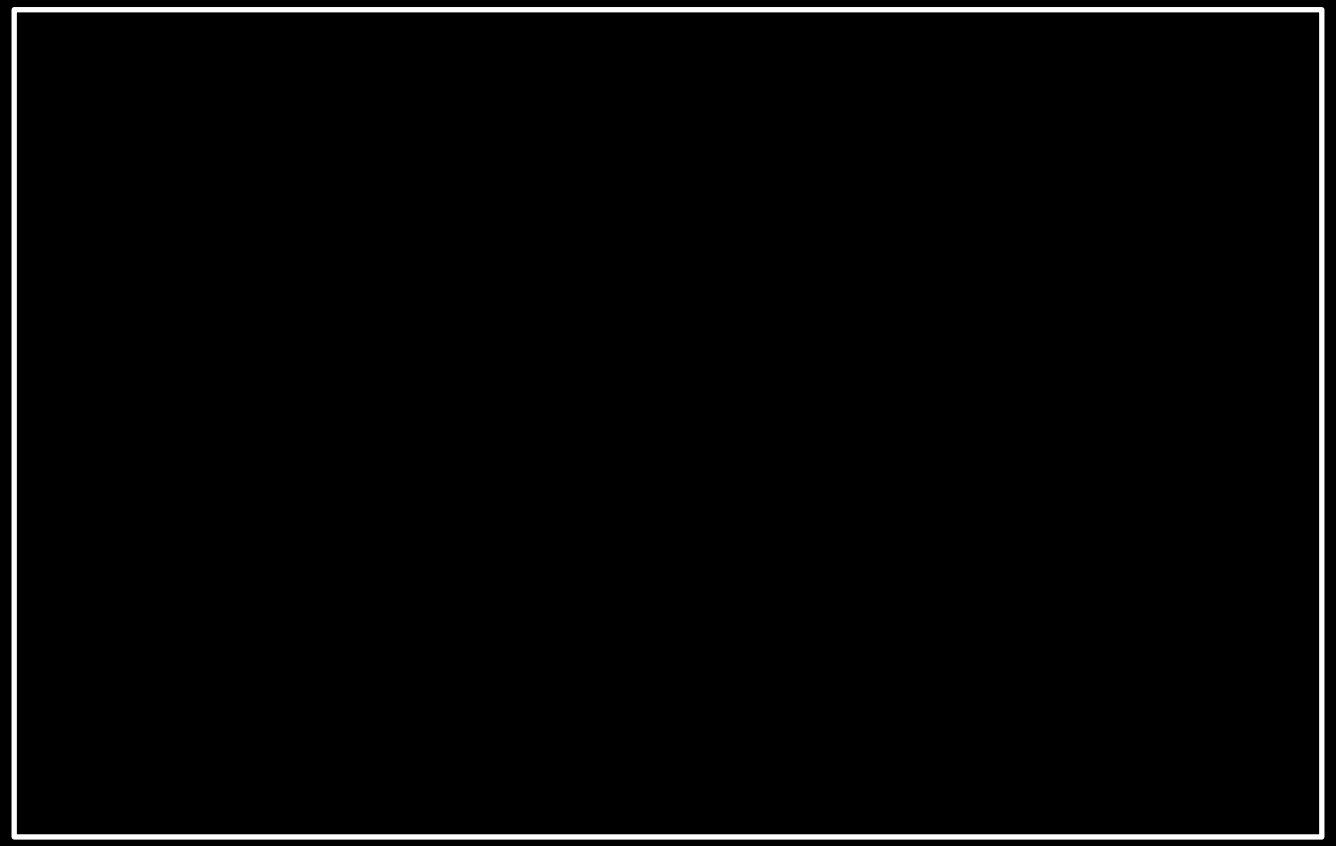
Form of regulation and idea for meeting compliance obligations.



Ethical Regulator (Mick Ashby)

OPERATIONAL GOVERNANCE

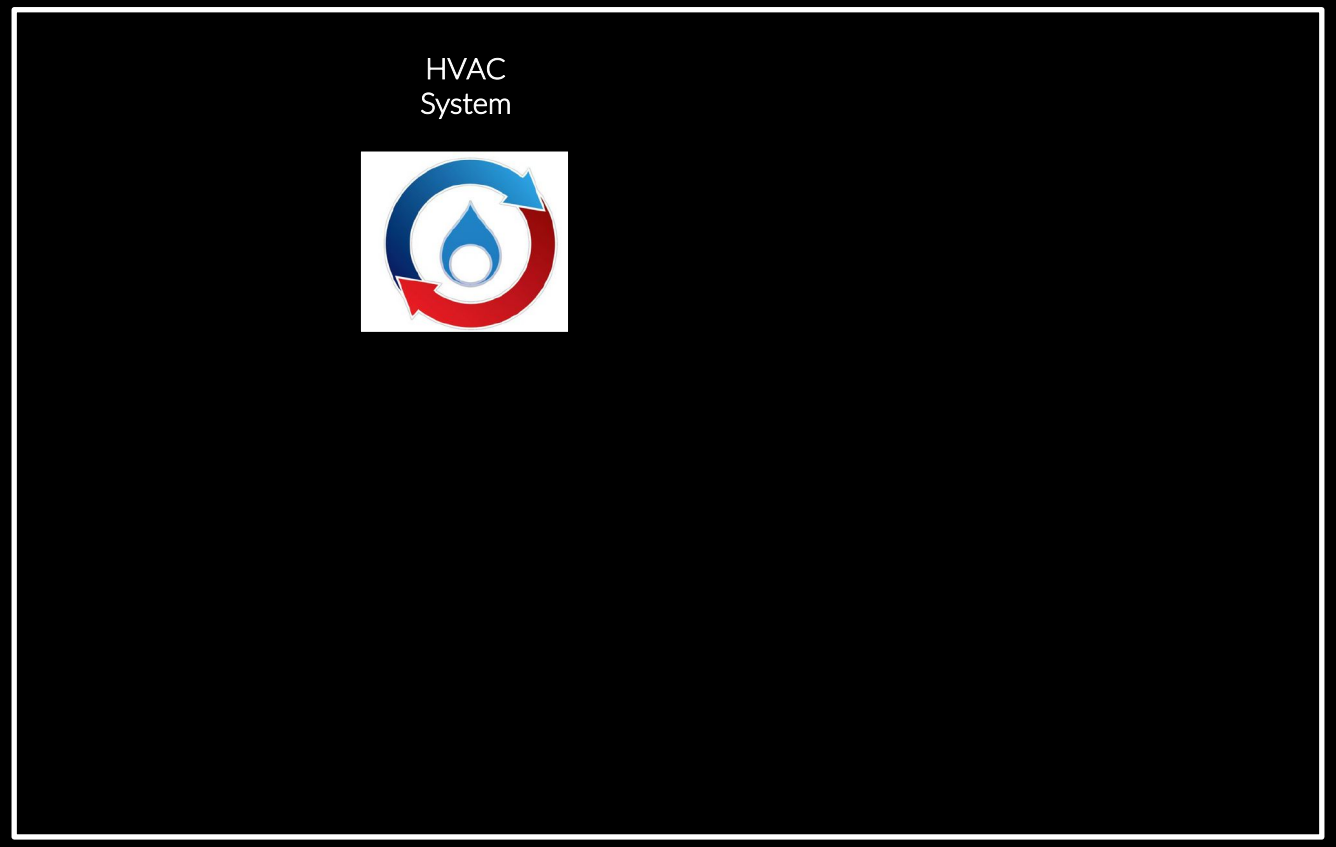
Concept of Operations



House Under Temperature Regulation

OPERATIONAL GOVERNANCE

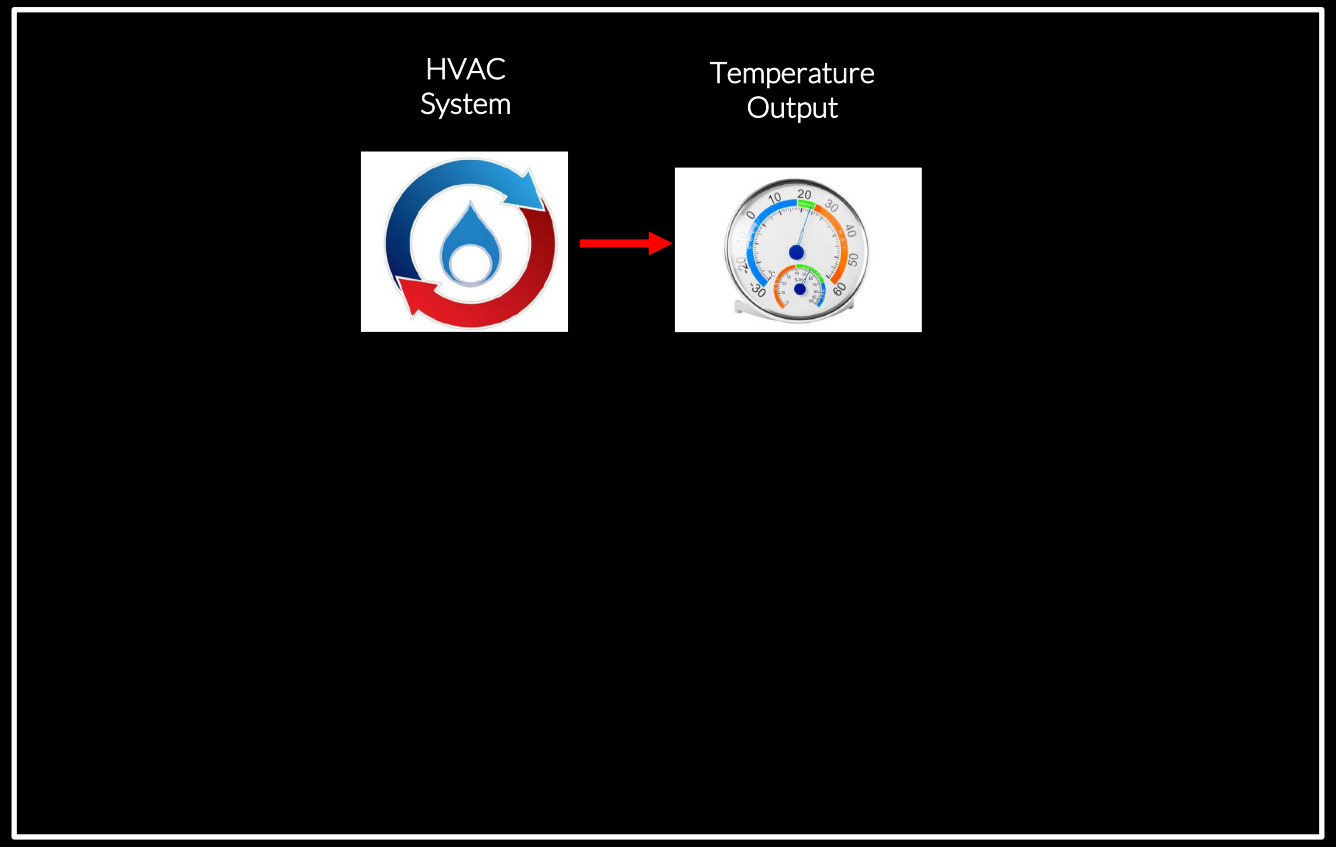
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House Under Temperature Regulation

OPERATIONAL GOVERNANCE

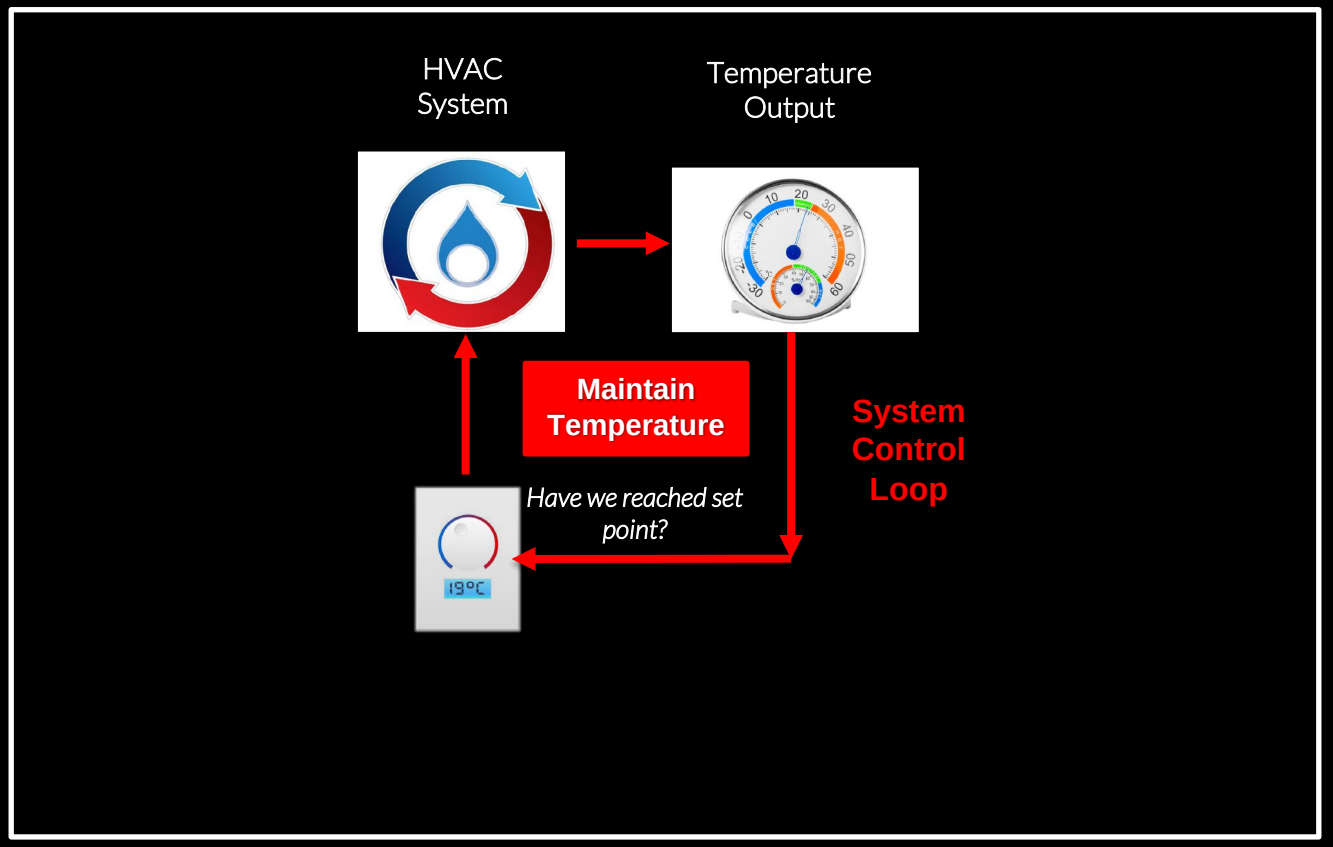
Concept of Operations



House Under Temperature Regulation

OPERATIONAL GOVERNANCE

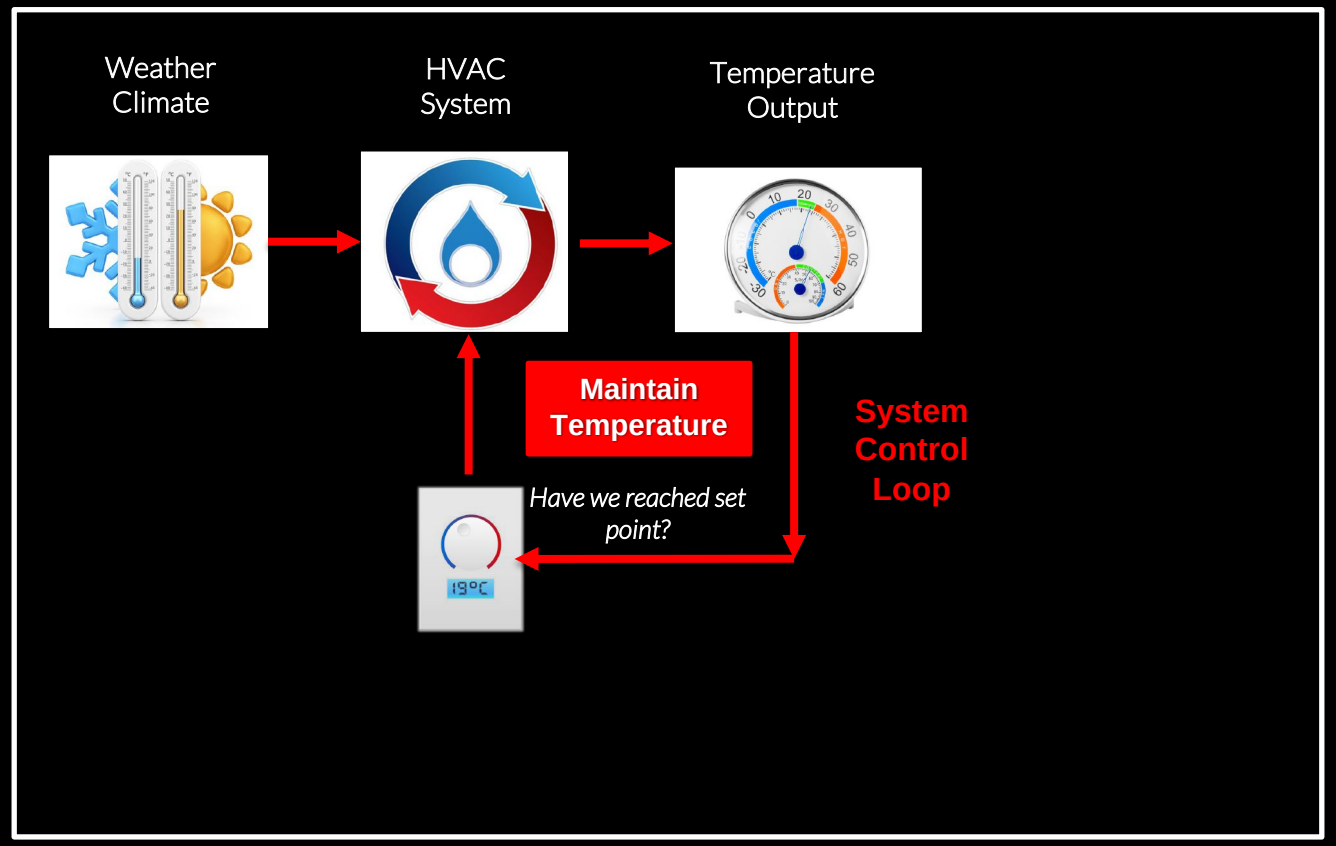
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House Under Temperature Regulation

OPERATIONAL GOVERNANCE

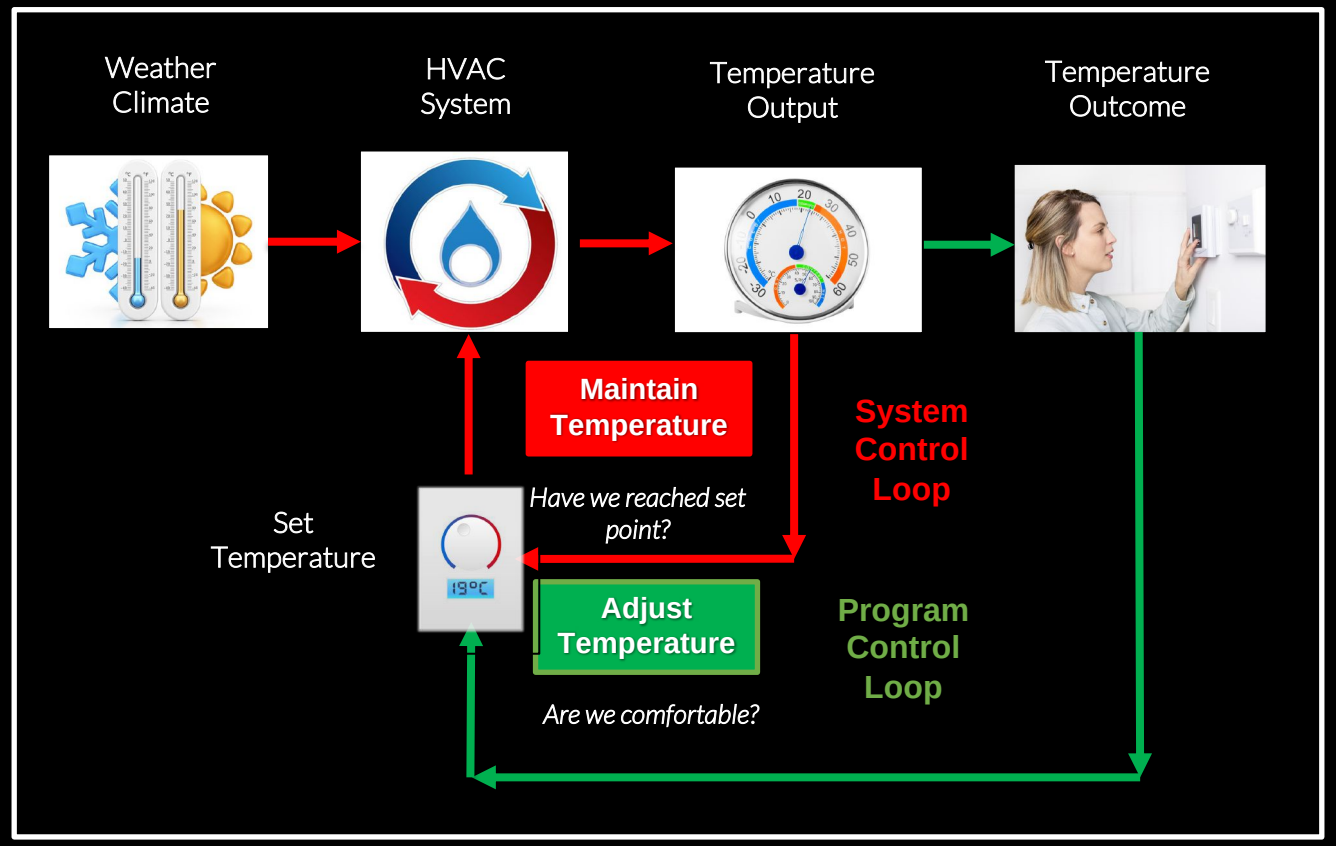
Concept of Operations



House Under Temperature Regulation

OPERATIONAL GOVERNANCE

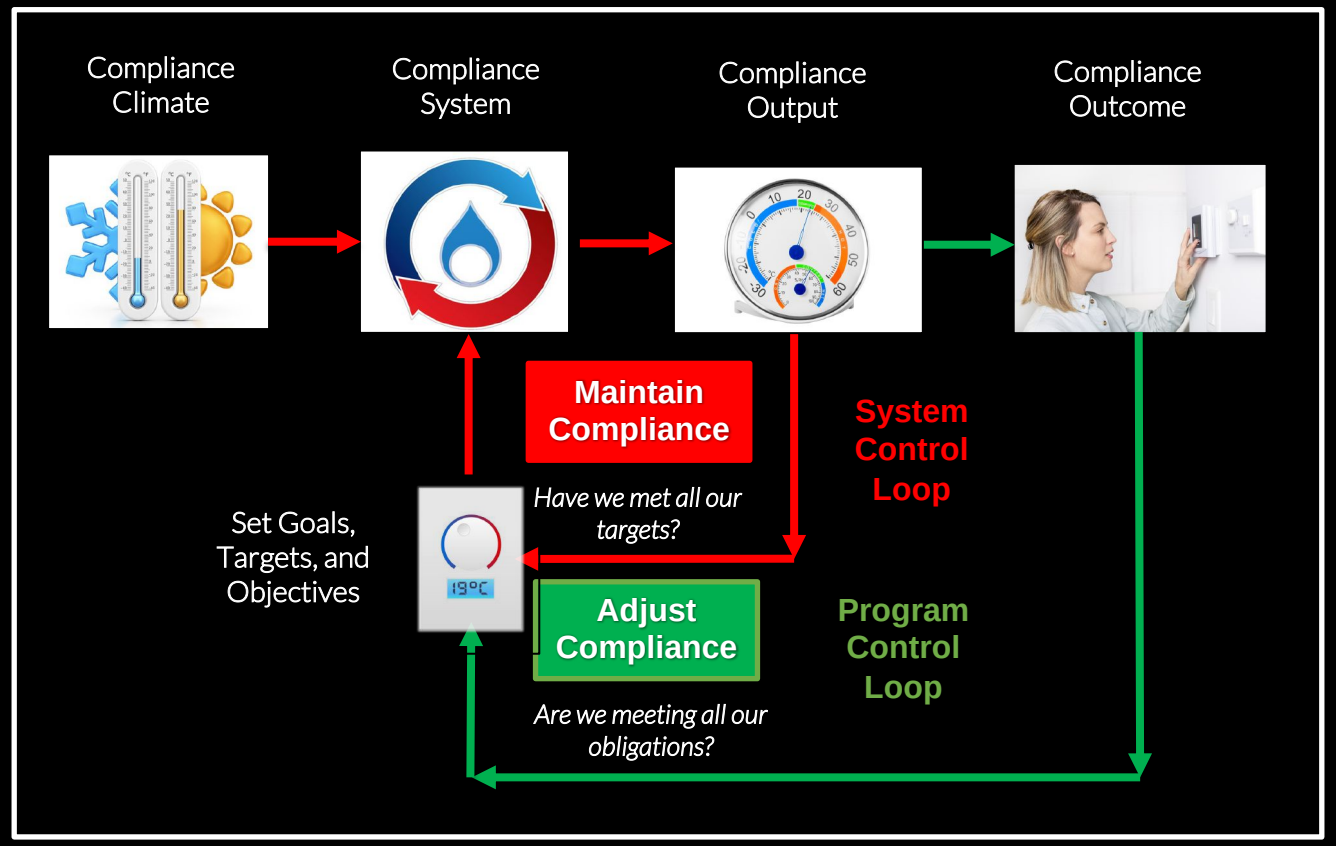
Concept of Operations



House Under Comfort Regulation

OPERATIONAL GOVERNANCE

Concept of Operations



Organization Under Outcome Regulation

WEBINAR OUTLINE



1. Nature of Obligations
2. Operationalizing Obligations
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6. Wrap up

OPERATIONAL PROGRAMS

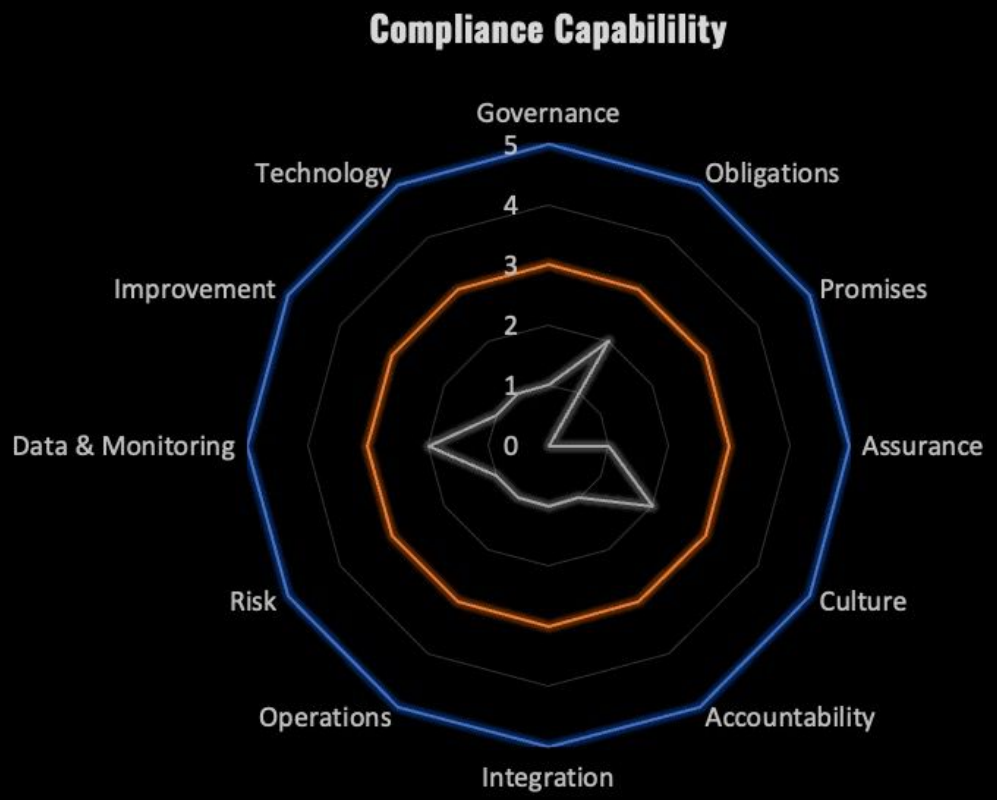
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ORGANIZATIONAL BARRIER

OPERATIONAL PROGRAMS

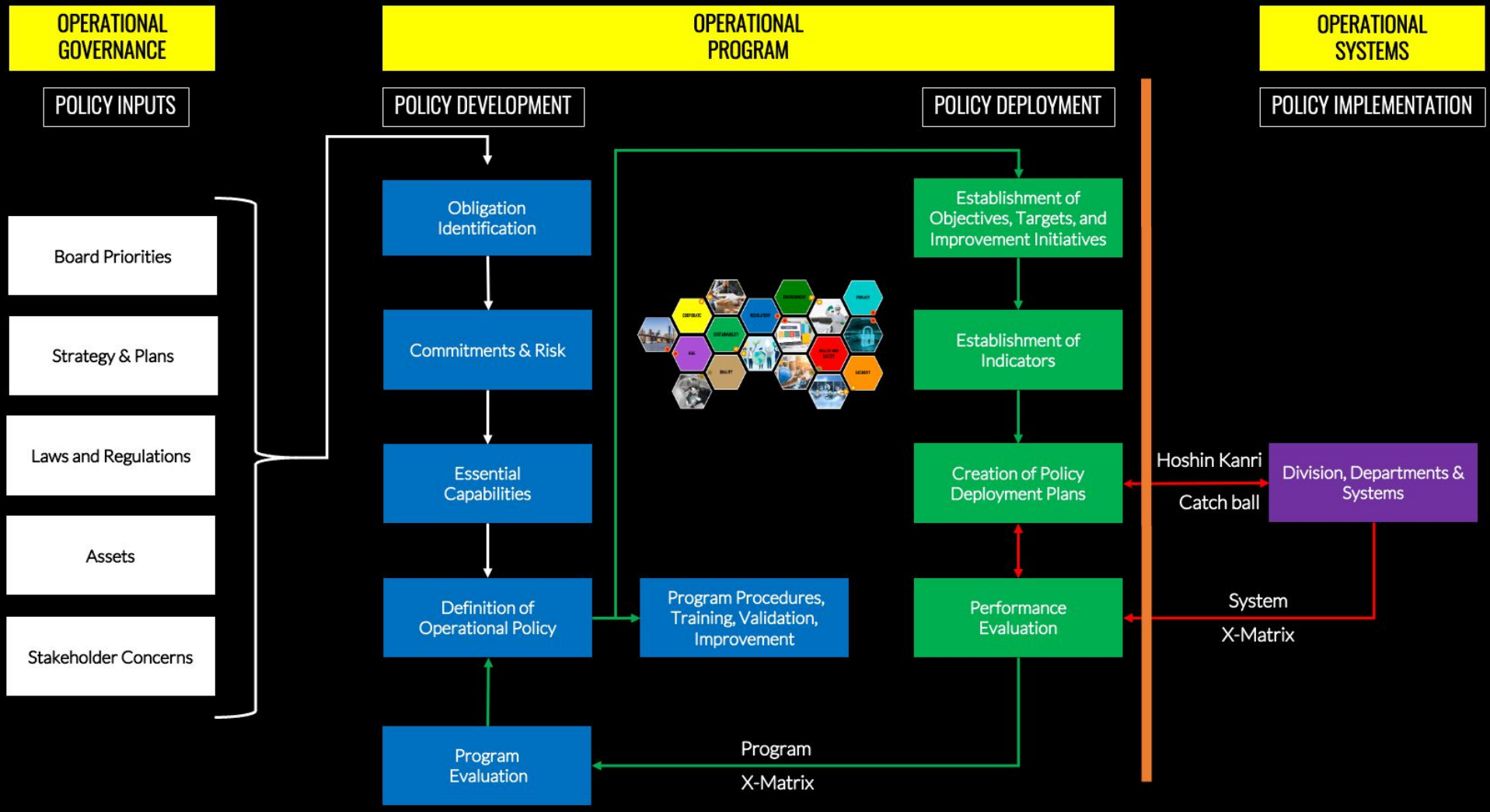
Essential Capabilities



1. Managed Governance
2. Managed Obligations
3. Managed Commitments
4. Managed Assurance
5. Managed Culture
6. Managed Accountability & Responsibility
7. Managed Organizational Alignment
8. Managed Operations
9. Managed Certainty
10. Managed Data & Monitoring
11. Managed Improvement
12. Managed Tools & Technology

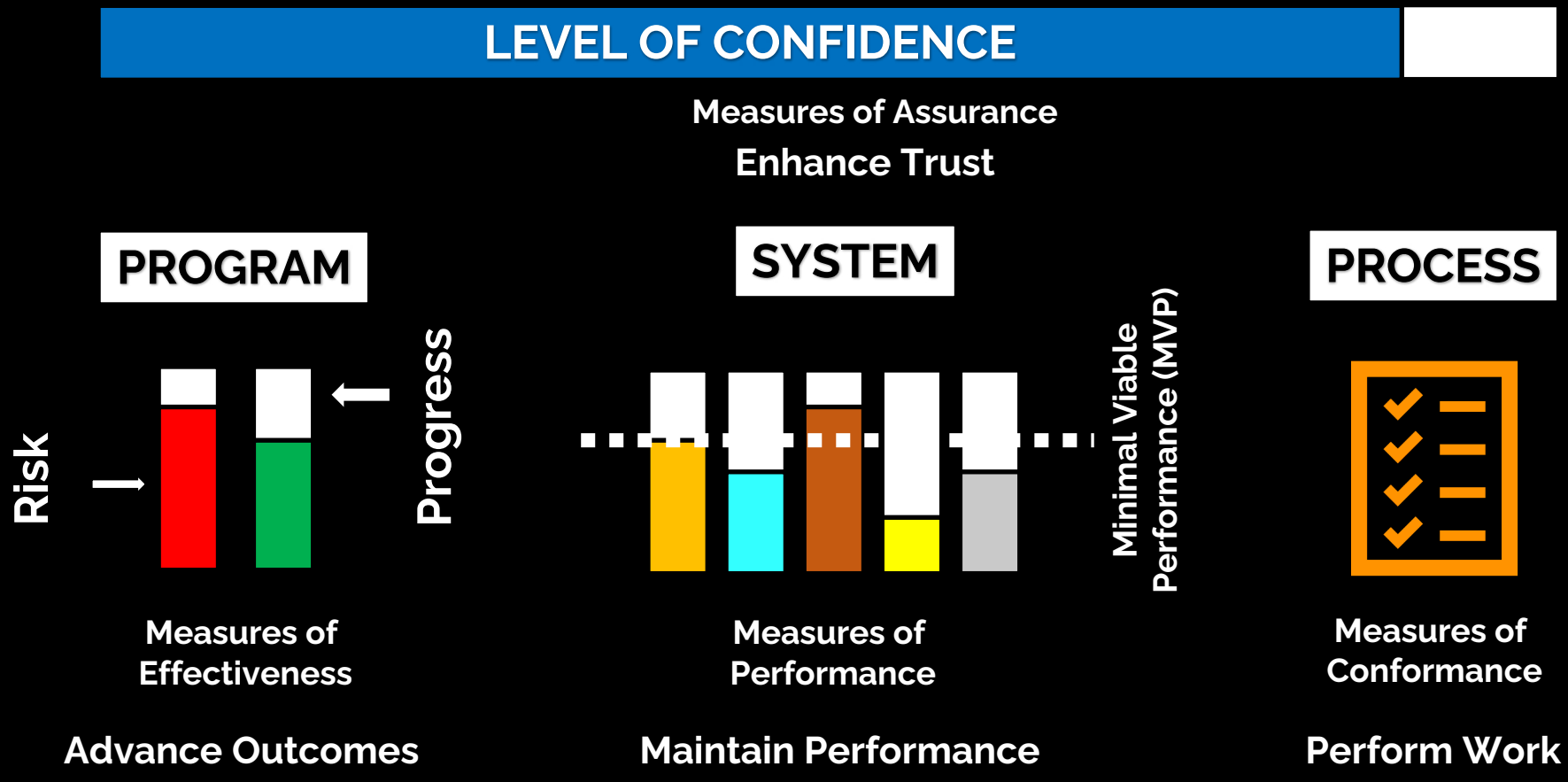
OPERATIONAL PROGRAMS

Managed Organizational Alignment - Policy Deployment



OPERATIONAL PROGRAMS

Assurance Model



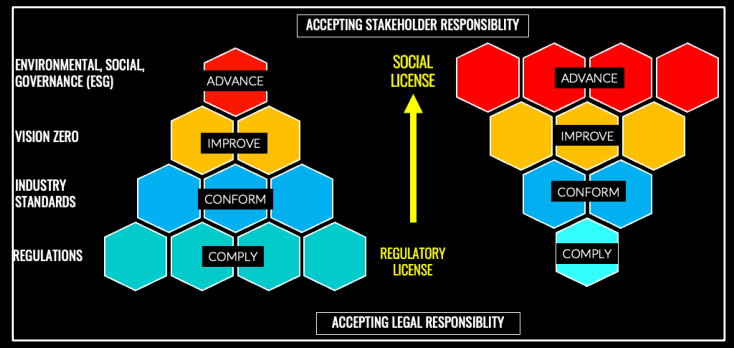
WEBINAR OUTLINE



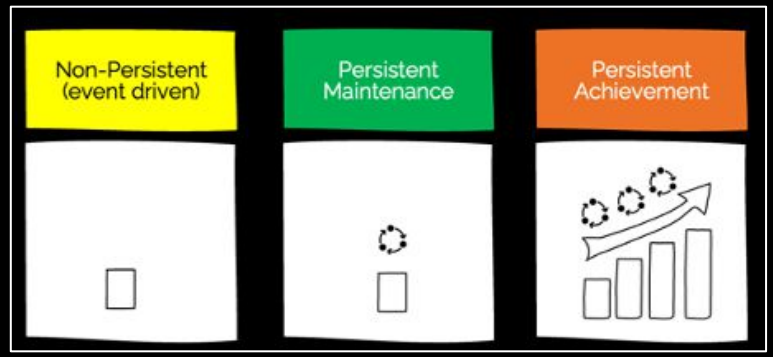
1. Nature of Obligations
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WRAP UP

Summary



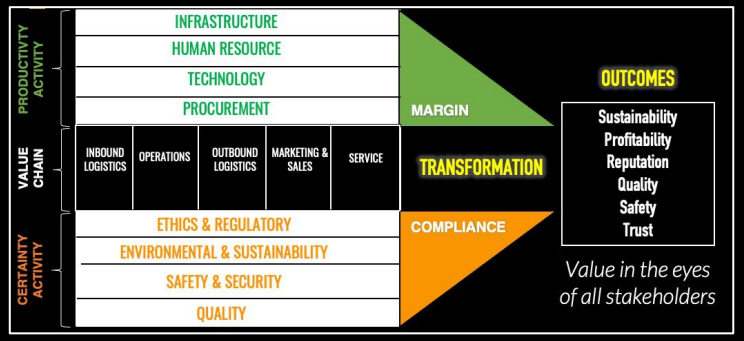
Obligations are Expanding



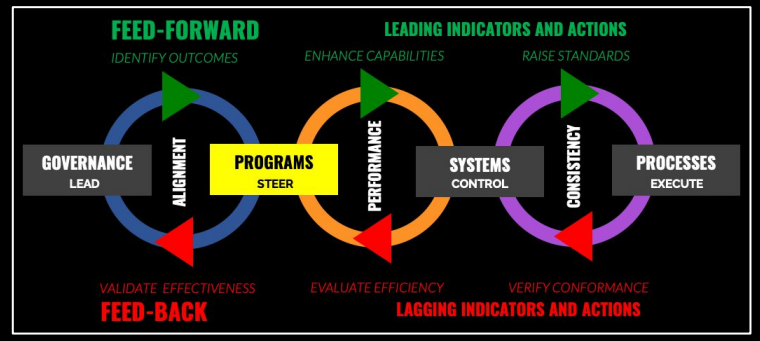
Obligations require Persistence



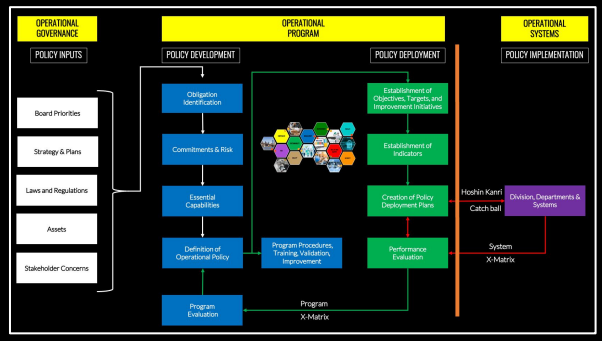
Obligations require Promises



Obligations need a Home



Obligations must be Operational



Obligations must be Assured

Q&A



LEAN COMPLIANCE

OPERATIONAL GOVERNANCE

STEERING TOWARDS BETTER OUTCOMES

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