

SIMON FRASER UNIVERSITY

S.06-18

Senate Committee on University Priorities Memorandum



TO: Senate

FROM: William Krane
Acting Chair, SCUP
Acting VP, Academic

RE: CIBC Centre for Corporate Governance
and Risk Management (SCUP 06-03)

DATE: January 19, 2006

At its January 11, 2006 meeting SCUP reviewed and approved the proposal for the creation of the CIBC Centre for Corporate Governance and Risk Management. This Centre will be in the Faculty of Business Administration, and will be a partnership between the Canadian Imperial Bank of Commerce, The Canadian Institute of Chartered Accountants, the Institute of Chartered Accountants of British Columbia, and the Faculty of Business Administration.

Motion

That Senate approve and recommend to the Board of Governors the creation of the CIBC Centre for Corporate Governance and Risk Management

Rationale

The proposed Centre will promote research and knowledge dissemination as to how organizations create effective strategies that fully account for the various risks attached to the choices organizations face.

The proposal does not include a plan for the creation of an endowment. The donors wish the funding to be used as seed money to establish a centre, not to establish an endowment. The funding is expected to last 10 years.

Further details about the objectives of the Centre are provided in the attached documentation.

encl.

c: E. Love

SIMON FRASER UNIVERSITY

MEMORANDUM
OFFICE OF VICE-PRESIDENT, RESEARCH

TO: Sarah Dench, Secretary
Senate Committee on University
Planning (SCUP)

FROM: B. Mario Pinto
Vice-President, Research

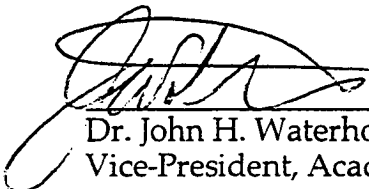
RE: CIBC Centre for Corporate
Governance and Risk Management

DATE: December 22, 2005

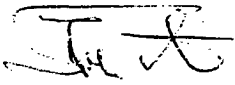
Attached is a proposal from Dr. Ernie Love, Dean, Faculty of Business Administration for the establishment of the CIBC Centre for Corporate Governance and Risk Management as a Schedule A Centre.

The Governing Committee for Centres and Institutes recommends that the Centre be granted approval by SCUP. Once approved by SCUP, the proposal is to be forwarded to Senate, followed by submission to the Board of Governors.

Governing Committee:



Dr. John H. Waterhouse
Vice-President, Academic and Provost



Dr. B. Mario Pinto
Vice-President, Research

Attachment

C: Dr. Ernie Love, Dean, Faculty of Business Administration

SIMON FRASER UNIVERSITY

FACULTY OF BUSINESS ADMINISTRATION
OFFICE OF THE DEAN



BURNABY, BRITISH COLUMBIA
CANADA V5A 1S6
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October 5, 2005

Dr. Mario Pinto
Vice President Research
Simon Fraser University
Burnaby, BC
V5A 1S6

Dear Mario,

Attached please find a document proposing the establishment of a Schedule A Research Centre within the Faculty of Business of Administration. This Centre will be known as the CIBC Centre of Corporate Governance and Risk Management. It is funded by the Canadian Imperial Bank of Commerce (CIBC with \$700,000 over 5 years), the Canadian Institute of Chartered Accountants (CICA with \$150,000 over 5 years) and the Institute of Chartered Accountants of British Columbia (ICABC with \$150,000 over 5 years).

With your approval, I would appreciate that this be put on the January 2006 SCUP agenda.

Thank you,

A handwritten signature in cursive script, appearing to read "Ernie Love".

Ernie Love
Dean, Faculty of Business Administration
Simon Fraser University

cc: Dr. John Waterhouse, VP Academic

Constitution for the Proposed

Centre for Corporate Governance and Risk Management (in accordance with University Policy R40.01)

Faculty of Business Administration, Simon Fraser University

October 5, 2005*

(a) Statement of Purpose

Mission

The purpose of the Centre is to promote research and knowledge dissemination as to how organizations, and particularly Boards of Directors, create effective strategies that fully account for the various risks attached to the choices they face. The Centre will focus on evaluating and measuring strategic risks that emerge from social, ethical, environmental and global forces, and how organizations can create governance structures to minimize these risks.

Funded by the CIBC Bank, the Canadian Institute of Chartered Accountants (CICA) and the Institute of Chartered Accountants of BC (ICABC), the Centre for Corporate Governance and Risk Management will conduct research into three broad yet highly interrelated areas:

1. Board of directors and strategic analysis within the organization
2. Corporate governance and the management of risk
3. Ethical, social and global dimensions of corporate governance

The Centre will marshal the academic resources for undertaking such advanced research and analyses. These academic resources would include researchers affiliated with the Centre, visiting research fellows, and an affiliated PhD stream, as well as inter-institutional research linkages. The Centre will proactively identify emerging, relevant

issues and make recommendations that ensure Canadian corporate governance and risk management practices are among the best in the world.

The Centre will foster dialogue, exchange, and innovation as well as traditional dissemination activities in the broad range of issues associated with corporate governance and risk management. These activities will include:

- publication and dissemination of research in both academic and practitioner journals
- hosting and organization of conferences or public forums on subjects of special topical interest
- support of PhD students interested in corporate governance and risk
- hosting workshops to promote the activities and findings of the Centre to academic and business audiences
- preparation and distribution of educational material for use by universities and professional associations
- regular offerings of professional development programs.

Over the long term, the Centre will champion a multi-disciplinary approach that supports and promotes specialized and integrative research as well as advanced educational activities. Scholars and practitioners from Canada and abroad, in fields such as strategic management, accounting, finance, actuarial science, and legal frameworks and business ethics, will have an opportunity to collaborate at and through the Centre. One of the Centre's functions will be to fund, as well as attract funding for, specific research projects of interest to the Centre and its board.

Vision

At the heart of the vision for the Centre for Corporate Governance and Risk Management is the belief that good governance means an organization-wide view of risk management. The knowledge and abilities required to manage risk must be brought to the highest levels of corporate governance: to the boards of directors who provide external governance for

the firm; and to senior managers who formulate and execute the board-approved strategic directions for the firm.

Rationale

Corporations and other organizations are now coming to understand that traditional definitions and approaches to risk and risk management have changed. In particular, there is widespread recognition that risk must be considered in broad, strategic rather than in narrow, financial terms. Rapidly shifting geo-political contexts, market globalization and other external factors are leaving businesses increasingly vulnerable to earnings disruptions. At the same time, the increased importance of information technology, intellectual property, alliances and human capital are creating significant risks when there is malfunction or malfeasance. Firms risk a significant loss of their reputational capital when their products, suppliers or employees are seen to violate quality standards or ethical norms.

As a result, firms are increasingly exposed to new and complex sources of risk that cannot always be managed through traditional instruments like insurance or hedging. A recent survey of Fortune 1000 executives by the National Association of Corporate Treasurers found that most believed they were vulnerable to significant earnings disruptions, but few believed they had put in place the appropriate risk management measures. Thus, as external and internal business environments continually change, corporate governance and risk management practices must be able to adjust appropriately and in timely ways to changing requirements and conditions.

(b) Appointment of the Director

The Dean of the Faculty of Business Administration will appoint a faculty member from the Faculty of Business Administration to serve as the Academic Director of the Centre for a two-year (renewable) term.

(c) Applicable Schedule

The Centre will be guided by SFU Policy 40.01 for Schedule A Centres and Institutes.

(d) Obligation of the Centre

All activities conducted within the Centre will conform to University policies.

(e) Funding

Funding of the research and outreach activities of the Centre is provided by the CIBC Bank, the Canadian Institute of Chartered Accountants (CICA) and the Institute of Chartered Accountants of BC (ICABC). The Faculty of Business Administration will also provide some support to the Centre to ensure proper infrastructure is in place. The Centre will be housed in the Segal Graduate School of Business.

(f) Internal Governance of the Centre

The research activities as well as the dissemination activities of the Centre will be guided by an advisory board consisting of four members from the Faculty of Business Administration, Simon Fraser University (including the Director), and four designates from the funding bodies. A Chair of the Advisory Board, if different from the Academic Director of the Centre, will recommend to the Academic Director the plan of activities envisioned for each year. The Academic Director will ensure that any such recommended activities are consistent with University policies.

An annual report on the Centre's activities along with financial statements will be prepared by the Academic Director and submitted to the Dean by April 15th of each year. The Dean will report annually to the Centre's Governing Committee, in accordance with Policy R 40.01.

The proposed members of the Centre are:

Danny Shapiro, Business Policy and Comparative Analysis

Mark Wexler, Business Policy and Applied Ethics

Andrew von Nordenflycht, Business Policy

Geoff Poitras, Finance

Peter Klein, Finance

Amir Rubin, Finance

Craig Emby, Accounting

Irene Gordon, Accounting

Carolyn Egri, Organizational Systems and Corporate Social Responsibility

Dave Thomas, International Business and Cross-Cultural Analysis

Leyland Pitt, Marketing

Plus four members from the funding bodies (likely two from CIBC, one from CICA and one from ICABC).

* Minor editorial revisions incorporated January 25, 2006