

1. Board Charter, Duties & Responsibilities

CFO is committed to achieving Governance Excellence. Governance Excellence concerns both the effectiveness and accountability of the Board of Directors (the Board).

Effectiveness, and therefore the quality of leadership and the direction the Board provides, is measured by performance. For CFO, performance is twofold.

Firstly, the Board is responsible for ensuring that CFO fulfills its supply management mandate and obligations under the *Farm Products Marketing Act (the Act)* and the Federal-Provincial Agreement.

Secondly, the Board is responsible for achieving results as defined by CFO's Strategic Plan. Specifically, the board is accountable for maintaining and enhancing the success of CFO's business including optimizing long-term business operations and financial health, thereby increasing farmer and overall industry value and sustainability.

Accountability is what provides legitimacy to the Board's action. The Board recognizes that its power flows from the Act and the Board reports to the Ontario Farm Product Marketing Commission (the Commission). The Board recognizes that the Commission annually evaluates the CFO Board's performance and reports this to the Minister of Agriculture, Food and Rural Affairs. While the Board has responsibility for defining its mandate under the Act, the Board recognizes the importance of discussing any proposed changes to its mandate with the Commission.

CFO has a one-tier governance structure with the nine-member Board having complete responsibility for CFO as the ultimate decision-making body. In doing so, Directors are required to act honestly, fairly and diligently, with a view to meeting the best interests of CFO.

The Board is responsible for supervising the management of the business and the affairs of CFO. The Board performs the following overall stewardship responsibilities either directly or through the Committees of the Board. The Board may accomplish its responsibilities for overseeing the management of CFO's business by delegating to CFO senior executives agreed upon responsibilities for day-to-day operations. The Board has clearly outlined matters that require Board approval and those that have been delegated to management, in part through this Charter and in part through the Board Staff Oversight Guidelines.

In addition to the powers granted to it by law, the Board has the following exclusive powers and responsibilities:

1.1. Board Duties and Responsibilities

1.1.1 Strategy

- Adopting a strategic planning process
- Participating directly in developing, reviewing, assessing and approving CFO's vision and mission statements, objectives and goals, taking into account the issues, opportunities and risks for CFO
- Reviewing the effectiveness of the strategic and operational planning processes and annually reviewing and approving business objectives and strategic plans
- Approving the annual budget, annual operating plan, capital expenditure plan and investment plan

1.1.2. Regulatory Responsibilities

- Establishing and administering the farmer-member quota system
- Establishing and administering the processor supply allocation systems
- Allocation setting
- Price negotiations
- Farmer-member, processor and industry relations
- Compliance and enforcement
- Development of CFO regulations and policies
- Regulatory and policy-based decision making

1.1.3. Executive Management

- Delegating to management powers to manage CFO
- Selecting a well-qualified Chief Executive Officer (CEO)
- Setting performance objectives for the CEO and regularly measure the CEO's performance against these objectives
- Reviewing and approving succession planning for the CEO
- Approving the compensation of the CEO
- Advising and counseling the CEO

1.1.4. Business and Financial Performance

- Monitoring CFO's performance against its strategic objectives, annual business and financial plans
- Ensuring management is taking appropriate action to ensure that objectives and plans are achieved
- Overseeing reliable, accurate and clear financial reporting
- Overseeing the effectiveness of internal controls including controls over financial reporting
- Being directly responsible for the selection, compensation, retention and oversight of CFO's financial auditor

1.1.5. Industry Relations

- Working collaboratively with Ontario chicken industry value chain stakeholders to achieve mutually advantageous, continuous improvements in industry growth, profitability and sustainability
- Participating directly in building positive and productive relationships with key industry stakeholders, particularly primary processors
- Ensuring the development and deployment of proactive consultation and communications strategies and programs

1.1.6. Ethics and Integrity

- Setting an ethical tone within CFO
- Satisfying itself that senior management is sustaining a culture of integrity throughout CFO
- Developing and maintaining CFO's Code of Conduct and ensuring recognition, understanding and adherence to it by Board Directors, District Committee Representatives, and CFO staff
- Approving policies and procedures developed to ensure CFO operates at all times within the applicable laws and regulations

1.1.7. Risk Management

- Supervising the management of risk at CFO
- As part of the strategic planning process, identifying, evaluating and responding to the principal strategic, operational and reputational risks that might jeopardize the health and continuity of CFO's business

- Ensuring responsibilities are assigned for monitoring and acting upon all relevant risks and opportunities
- Ensuring the development and implementation of appropriate systems to effectively manage such risks
- Approving and reviewing compliance with policies and procedures for the management and control of risk, including capital management

1.1.8. Internal Control and Management Information Systems

- Ensuring effective systems are in place to manage the integrity of CFO's internal control and management information systems thereby ensuring the reliability, confidentiality and security of CFO's business and financial information
- Reviewing compliance with legislative and regulatory requirements

1.1.9. Communication and Reporting

- Approving CFO's communication strategy and spokespeople
- Reviewing and approving annual and interim financial statements
- Ensuring timely, appropriate communication with key internal and external stakeholders; CFO farmers, District Committee Representatives (DCRs), employees, industry, government and the general public

1.1.10. Board of Directors: Corporate Governance

- Developing and implementing CFO's overall approach to corporate governance as reflected in the Board Charter, various Committee Charters, and Board of Directors role
- Reviewing this Board Charter annually and recommending revisions as appropriate
- Planning Board size and composition, determining the Position Description for Directors and communicating this to all members, establishing Committees of the Board and determining Director compensation
- Maintaining a formal orientation program for new Directors, and ongoing education and training programs for all Directors
- Assessing the effectiveness of the Board, Board Committees the Board Chair and individual Directors on an annual basis
- Engaging any special advisors it deems necessary to provide independent advice
- Performing such other functions as prescribed by law or as assigned to the Board in CFO's governing documents