

5. Roles & Responsibilities of Directors & Officers

5.1 Role of the Chair

The Chair plays a critical role on the Board of Directors, providing leadership to enhance the effectiveness and efficiency of the Board for 1) management and supervision of the business and the affairs of CFO, as well as 2) its oversight of management. In performing this role, the Chair must manage the Board, work with CFO management, and promote positive and productive relations with CFO farmer-members and with key industry value-chain stakeholders including government.

5.1.1 Leading the Board

The Chair will facilitate the effective and efficient operation and management of, and provide strong leadership to, the Board.

The Chair presides at, and maintains order at, all meetings of the Board and at any annual or special general meeting of farmer-members, as well as at any industry meetings convened by the Board. This involves accepting and directing motions, ruling on points of order and procedure, and guiding the discussion in the appropriate fashion. If required, the Chair only votes to break a tie.

The Chair of the Board will ensure that the agenda of the Board meetings will include the following Board Performance Report topics:

1. Performance review of CFO Strategic Plan Key Result Areas and Key Initiatives
2. Performance review of the annual budget
3. Performance review of CFO Committee activities
4. Performance review of CFO human capital programs
5. Performance review of outstanding legal and regulatory affairs

The primary responsibilities of the Chair with regard to leadership of the Board are:

- In conjunction with the CEO, setting Board agendas
- Facilitating the Directors' input into the agenda for Board meetings
- Chairing Board meetings and ensuring there is adequate time at Board meetings for discussion about relevant issues and for the Directors to meet privately in camera
- Proactively coaching/mentoring of Directors to enhance their contributions to the Board
- Communicating, in conjunction with the CEO, with representatives of CFO's regulators
- Leading the full Board in an annual review of the effectiveness of the Board as a whole, individual Directors, Committees and Chairs (Board and Committees)
- Overseeing the orientation and training program for new Directors and the continuing education and program of all Directors
- Engaging, at the expense of CFO and in consultation with the CEO, outside advisors for the Board or its Committees, as required; expenditures of this nature that are outside of the budget must be approved by the Board
- Being an effective ambassador and representative of the Board
- The Chair will also perform such duties and powers as the Board may prescribe

5.1.2 Managing the CEO

The Chair acts as liaison with the CEO who is charged with the general supervision of the business and affairs of the Board.

The principal duties and responsibilities of the Chair with regard to the CEO include:

- Ensuring that the respective responsibilities of the Board and those of management are well understood, and that the boundaries between Board and management responsibilities are respected
- Communicating the expectations and/or concerns of the Board to the CEO
- Acting as a sounding board for the CEO
- Leading the annual performance goal setting of the CEO
- Ensuring there is an active succession strategy and plan in place for the CEO

5.1.3 Leading Board Committees

The Chair is also the Chair of the CFC and External Relations (CERC) Committee, and is an ex-officio committee member of all other Board committees.

The principal duties and responsibilities of the Chair with regard to chairing **the CERC Committee** include:

- ensuring that the Board and staff are delivering on CFO's Strategic Plan
- developing an annual work plan that is based on Board approved strategies that support CFO's Strategic Plan, including a. CFC Relations Strategy, b. Provincial Relations Strategy, and c. Stakeholder Management Strategy
- developing the scorecard to monitor and measure performance for KRAs
- reviewing options and recommendations for Board consideration in support of the annual work plan and on emerging files (assigned to the appropriate Committee by the Board) to deliver on CFO's Strategic Plan
- being the lead ambassador and representative of CFO in all external relations matters

5.1.4 Relations with Farmer-Members

The principal duties and responsibilities of the Chair with regard to building and maintaining positive and productive relationships with farmer-members are,

- Leading and facilitating the Board's efforts to promote engagement with, and feedback from, farmer-members
- Ensuring the Board's disclosure policy is being consistently applied for timely, high quality and clear reporting of Board performance or any other developments that have a significant and material impact on CFO
- In conjunction with the DCR Chairs and CEO, setting Provincial DCR meeting agenda
- Encouraging DCRs to collaboratively represent farmer-member interests on current issues and opportunities, consulting to the Board as appropriate
- Providing learning and development opportunities for DCRs for understanding CFO and its operations, as well as the broader industry environment

5.2 Role of the Vice-Chairs

During the absence of the Chair or his or her inability to act, the Chair's duties may be performed by the first Vice-Chair or the second Vice-Chair in that order. The first Vice-Chair or the second Vice-Chair, as the case may be, shall also perform such duties and exercise such powers as the Board may prescribe.

5.3 Role of CFO Directors

The Board of Directors, as a whole, is responsible for supervising the management of the business and affairs of CFO. Each Director participates in fulfilling the Board's stewardship role by acting honestly and in good faith with a view to the best interests of CFO (fiduciary duty) and exercising the care, diligence and skill that a reasonably prudent

person would exercise in comparable circumstances (duty of care).

As elected representatives of CFO farmer-members, Directors are responsible for ensuring that the Board fulfills its objectives and mandate for the administration of the Ontario Chicken Producers Marketing Plan and regulations under the Farm Products Marketing Act. Directors do not represent the specific interests of any constituency: Directors act and make decisions that are in the best interests of CFO as a whole.

Directors respect the responsibilities delegated by the Board to management and avoid interference with management's duties while insisting upon accountability to the Board and reporting mechanisms for assessing CFO's performance. Directors are expected to work positively, cooperatively and respectfully with fellow Directors and staff while exercising independence in decision making.

Directors recognize that the Board Chair or the Chair's designate is the official spokesperson for the Board. Directors support the decisions and policies of the Board in discussions with others, even if a Director holds another view or voiced another point of view during a Board discussion or was absent from a Board meeting. Directors respect the confidentiality of Board discussions and information.

5.3.1 Duties and Responsibilities

The principal duties and responsibilities of each Director include:

- Acting in the highest ethical manner and with integrity in all CFO, industry and business dealings
- Confirming compliance with the CFO Code of Conduct on an annual basis and maintaining the confidentiality of CFO information and Board deliberations
- Understanding and visibly supporting the achievement of CFO's vision, strategies and operating plan
- Understanding Ontario's chicken industry, the supply management system and CFO's role in increasing the effectiveness of the value chain
- Understanding CFO's governance policies and practices and the legislation and regulations affecting CFO
- Preparing thoroughly for each Board and Committee meeting by reviewing the materials sent to Directors in advance of meetings
- Participating, as agreed upon by the Board, in pricing and allocation discussions and negotiations
- Attending all Board and Committee meetings and actively participating in deliberations and decisions in an objective, respectful, independent manner
- Representing CFO at external meetings, provincially and federally. Actively and clearly advocating CFO's standpoint and communicating deliberations back to the Board
- Supporting and being bound by Board policies and decisions with farmer-members and other parties
- Engaging, coaching and communicating by means of consistent and timely messaging with DCRs and farmer-members, as agreed upon by the Board, to develop productive relations and foster alignment and engagement
- Guiding DCR's and maintaining a leadership role to include monitoring and reviewing their expenses
- Reaching out, establishing and building constructive, mutually advantageous relationships with the farmer-member community
- Establishing and building relationships with local government officials and acting as a liaison between CFO and local communities
- Continually developing own skills as Directors
- Conducting an annual performance evaluation of the Board and its committees
- Identifying and encouraging participation of potential DCR candidates

5.3.2 Director Qualifications

Directors representing a diversity of viewpoints, backgrounds, experiences and other demographics will strengthen and sustain Board leadership, governance and effectiveness.

Accordingly, the Board has adopted guidelines outlining the experience, qualifications, attributes and skills it believes represent "Director Success Factors" that should be sought when identifying, orienting, developing and

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evaluating Directors. In achieving these guidelines, Directors will enhance Board effectiveness in light of CFO's business and organizational complexities, the evolving industry environment and CFO's long term strategy.

From an experience standpoint, it is expected that a Director will be a successful chicken farmer with a strong entrepreneurial flair and an exemplary record of regulatory compliance.

It would also be preferable if the Director brings to the Board other governance experience from other business enterprises (private or public sector), non-profit, and other regulatory Ontario organizations. It would also be preferable if the Director has experience and skills in the areas of operations, finance, technology, and risk management. In addition, experience as a CFO DCR would be a definite asset.

Directors should be free of any conflict of interest that would interfere with their ability to properly discharge their duties as a Director or would violate any applicable law or regulation.

The Board believes that each Director should exhibit the following characteristics while executing his or her duties:

- Highest standards of integrity
- Commitment and accountability
- Strategic thinking "able to see the big picture"
- Results-focused and action-oriented
- Informed and practical judgement
- Strong service orientation
- Capable of working in a collegial, professional and collaborative manner with fellow Directors
- Ability to communicate openly and effectively with fellow Directors, CFO management, farmer-members, industry and government representatives

5.3.3 Orientation and Continuing Education

a) Orientation

All new Directors must participate in CFO's formal, comprehensive orientation program for new Directors regarding CFO's governance, business and affairs, within three months of their election to the Board. This multi-phase orientation includes a review of the CFO Board Charter, specific Board and Director duties and responsibilities, as well as corporate governance best practices and is conducted by the Board Chair and President and CEO. It also includes presentations by CFO senior management to familiarize new Directors with CFO's strategic plan, its significant operational and risk management issues, and annual budget and operating plan.

b) Continuing Education

Reviews of aspects of CFO's operations will be presented by appropriate CFO executives from time to time as part of the agenda of regular Board meetings as well as in Board workshops. It is also expected that each Director will remain well informed regarding current developments and best practices in corporate governance. In that regard, the Board considers it desirable that Directors participate in continuing education opportunities and considers such participation an appropriate expense to be reimbursed by CFO. Director education and training priorities should reflect development goals established through the annual Board and Directors appraisal process, with specific activities being approved by the GHR Committee.

5.3.4. Director Tenure

The Board believes that experience as a CFO Director is a valuable asset, especially in light of the size and complexity of CFO's operations. The Board does not believe it is appropriate to establish term limits for Directors. While term limits could help ensure that there are fresh ideas and viewpoints being brought to the Board, they hold the disadvantage of depriving the Board and CFO of the contribution of Directors who have been able to develop, over time, valuable experience and insights into the business of CFO. Importantly, the Board annually conducts a Board performance evaluation process, including Director peer feedback, to ensure all Directors are making a meaningful business impact as well as ensuring their committed to continually improving their performance.

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5.3.5. Mandatory Retirement

No director may stand for election after reaching age 72 unless the Board approves an exception to the guideline on a case by case basis.

5.3.6. Other Directorships

Recognizing the importance of the “CFO First” commitment required of Directors, it is expected that Directors will serve on the boards of other organizations only to the extent that, in the judgment of the Board, such services do not detract from the Directors' ability to devote the necessary time and attention to CFO. The GHR Committee will, at least annually, review all Directors' service on the boards of other organizations.

To avoid any potential conflict of interest, Directors will not accept a seat on any additional organization without first reviewing the matter with the GHR Committee.

5.4 Role of the President & Chief Executive Officer

The Chief Executive Officer (CEO), reporting to the Board through the Chair, has strategic and operational leadership responsibility for CFO. The CEO is appointed and evaluated by the Board of Directors.

Working with the Board and Senior Leadership Team (SLT), the CEO will have primary responsibility for developing a strategic plan that charts the future course of CFO. This plan, which must be approved by the Board, sets out a future vision, identifies priority issues that must be addressed in order to realize that vision, defines the mission to achieve the vision and sets short, medium and long-term objectives and strategies.

The CEO is to provide strategic and operational leadership to the CFO organization to improve operating performance on an ongoing basis, initiate processes to identify improvement opportunities, and drive initiatives to enhance both CFO and the Ontario chicken industry profitable growth and sustainability as defined by the CFO strategic plan.

The principal duties and responsibilities of the CEO include:

Strategic Plan:

- Develops, with Board involvement and approval, and implements a strategic plan that addresses the needs of CFO and the Ontario chicken industry
- Ensures that a comprehensive strategic planning process is followed; the strategic plan will be updated on an annual basis and will act as the framework for the annual Budget and Operating Plan
- Updates the Board of Directors on the status of the strategic plan and recommends any reviews and modifications

Business and Financial Performance:

- In conjunction with the Senior Leadership Team (SLT), creates an annual plan that establishes financial and operational priorities, objectives, strategies, programs and resource allocation to achieve targeted results
- Through the Vice-President – Finance, ensures the achievement of financial goals through the development of strong financial controls, forecasting, reporting and analysis systems
- Through the SLT, ensures each business functional area achieves the goals and objectives set out in the annual plan
- Provides monthly updates to the Board on the status of annual business and financial performance, and recommends any reviews and modifications

Corporate Governance:

- Acting as the principle staff advisor to the Board and Board Committees, ensures good corporate governance performance in all aspects of CFO operations

- In collaboration with the Chair of the Board, organizes Board, Board Committee and Provincial District Committee Representative meetings
- Responds to Board directives and initiatives and keeps the Board of Directors fully informed
- Builds positive relationships with CFO Board and CFO Farmers

Human Resources:

- Ensures that staff have a practical understanding of the Ontario chicken industry and appreciation for CFO farmers' businesses
- Creates the appropriate CFO organizational environment and value system to enhance the morale and productivity of the CFO work team
- Organizes, coaches and motivates the SLT
- Selects, develops, evaluates and rewards (according to established compensation policies and/or guidelines of CFO) the SLT
- Ensures SLT and other key CFO staff continuity through succession plans that fulfill CFO's present and future needs
- Direct reports include: Senior Leadership Team

External Relationships:

- Develops positive and productive working relationships with external stakeholders (customers, other value chain stakeholders, industry and trade organizations, regulatory bodies and government)
- Forges strategic alliances where appropriate to support business opportunities

External Representation:

- Creates a positive profile for CFO in the industry and general public
- Develops communication and advocacy strategies, and delivers effective external representation
- In collaboration with the Board Chair, represents CFO before all levels of government and regulatory authorities, as well as industry
- Ensures that government legislation and policies are carefully monitored and evaluated in terms of their effect on the chicken industry
- Serves as principal liaison and supports active involvement with relevant industry associations

5.5 President & Chief Executive Officer – Succession Policy

5.5.1 Policy Statement

It is the policy of CFO (the “Board”) to be prepared for an eventual change in leadership – either planned or unplanned – to ensure the stability and accountability of the Board during periods of transition.

The Board recognizes the importance to CFO and long term industry value of identifying and developing talented individuals who are able to assume senior management positions as they become open. While external recruitment

remains a valuable tool, CFO focuses on maintaining a robust succession planning program for the President and Chief Executive Officer (the “CEO”) and including other senior positions in CFO.

5.5.2 Responsibility

The Governance and Human Resources Committee (the “GHR”) is responsible for annually reviewing CFO's succession plan for the “CEO” and other key executives and reporting its findings and recommendations to the Board. The GHR is also responsible for working with the Board to establish policies for use in evaluating potential successors to the CEO. In the event of an unplanned CEO departure, the Board is responsible for implementing the established policies.

5.5.3 Procedures for CEO Succession

The GHR will work with the Board and the CEO, on an ongoing basis, to assess the leadership needs of CFO and help ensure the selection, as necessary, of a qualified and capable leader who is a good fit for the Board's vision, values, goals and objectives, who has the necessary skills for the position, and who complements the attributes of other key executives. The GHR will work with the Board and the current CEO to assess the CEO's current term and any retirement or resignation plans.

The GHR will also work with the Board and the current CEO, on an ongoing basis, to focus on identifying and developing potential internal candidates to ensure that the right mix of skills and attributes are being developed, monitor the development of these candidates and be positioned to assess the readiness of candidates. Appropriate resources shall be deployed and training shall be made available to give such candidates a chance for success. In addition, the GHR and the Board shall periodically monitor CFO's general executive development program to determine if it is adequate and likely to produce the type of talent it takes to sustain effective leadership.

In the event of an unplanned departure of the CEO, the following procedures will be followed to minimize disruptions to CFO's operations:

1. Within five (5) business days, the Board will meet, either in-person electronically and will appoint a person most likely a senior member of the SLT as interim General Manager
2. The Board will meet expeditiously to assess CFO's leadership needs and determine whether a replacement CEO is desirable
3. If the Board determines that a replacement CEO is desirable, the Board will expeditiously appoint an Executive Search Committee that shall be comprised of GHR and one other Director as the Board shall designate. It shall be the responsibility of this Committee to implement the following transition plan:
 - a. Consider the need for consulting assistance (i.e. transition, management or executive search consultant) based on the circumstances of the transition
 - b. Review CFO's annual business plan and conduct a brief assessment of the Board's strengths, weaknesses, opportunities and threats in order to identify priority issues that may need to be addressed during the transition process and to identify attributes and characteristics that are important to consider in the selection of the replacement CEO
 - c. Confirm and/or create a profile of a replacement CEO candidate to meet the Board's then current needs
 - d. Establish a time frame and plan for the recruitment and selection process
 - e. Interview the candidates and make recommendations to the Board
4. A majority of all Directors (individually or collectively as the Board) will meet with one or more of the candidates on the short list to succeed as replacement CEO. In accordance with CFO Bylaws, the Board shall select the replacement CEO

5.6 Role of Committee Chairs

The Chair of a Committee of the Board of Directors is responsible for providing leadership to enhance effective and independent functioning of the Committee in order that the Committee may fulfill its duties and responsibilities as outlined in the Committee's Charter.

The principal duties and responsibilities of each Committee Chair include:

- Provides overall leadership to enhance the effectiveness of the Committee and act as the liaison between it and the Board
- Reviewing and approving the agenda for the next meeting of the Committee in consultation with the Board Chair, members of management or other advisors as part of the agenda and meeting preparation process



- Chairing Committee meetings, ensuring that there is adequate time at meetings for the discussion of relevant issues and for Committee members to meet privately
- Reporting to the full Board on the Committee's activities following each meeting and presenting recommendations to the Board on matters that require Board approval
- Leading an annual review of the adequacy of the Committee' Charter and of the effectiveness of the Committee
- Participate actively as a member of the committee