

# BOARD CHARTER

## FCC Board of Directors

---

Last revised: March 10, 2021 (Board Minute No. 20/21:10:13)

### OVERALL RESPONSIBILITIES

The Board of Directors has two fundamental roles — oversight and decision-making. Oversight involves the review of management decisions, the performance and integrity of systems and controls and policy implementation. The Board of Directors' decision-making role involves working with management to design policies and determine strategic goals that are in the best interests of the corporation. Board decision-making is guided by research provided by management, context of the situation and the contribution of Board members' insight and foresight.

### RESPONSIBILITIES AND DUTIES

The Board of Directors contributes to the fulfillment of FCC's continuing long-term purpose of enhancing rural Canada by providing independent oversight of management and the operations of the corporation. As noted in section 4 of the Farm Credit Canada Act:

The purpose of the corporation is to enhance rural Canada by providing specialized and personalized business and financial services and products to farming operations, including family farms, and to those businesses in rural Canada, including small and medium-sized businesses, that are businesses related to farming. The primary focus of the activities of the corporation shall be on farming operations, including family farms.

The Board leads the corporation in the achievement of its long-term goals by overseeing the corporation's strategic planning process. The Board provides input, guidance, validation and a critical evaluation of the corporation's strategic plans and initiatives and acts as a liaison with the Minister responsible for the corporation regarding government policy and the Minister's priorities. The Board provides ongoing support in the implementation and measurement of the success of the approved plans and initiatives.

The Board is active in using its individual skills, backgrounds and commitment to agriculture in Canada to assist in the long-term success of the corporation. Board members are candid with one another and with management and always act honestly and in good faith and in the best interests of the corporation.

The Board directs and manages the affairs of the corporation. In doing so, the Board may delegate the day-to-day management of the corporation to management, consistent with modern governance practices while still respecting their overall responsibility under the statute. The Board's role is to oversee and thereby strengthen management accountability. The Board expects management to support this role by providing the Board with regular, comprehensive and accurate information, by identifying and reporting to the Board on evolving issues that may impact the strategic plans and initiatives of the corporation and by implementing systems and controls to identify and manage the risks facing the corporation.

The Board's duties and responsibilities fall under the following broad categories:

- A. Integrity — Legal and ethical conduct
- B. Strategic planning and risk management
- C. Financial reporting and public disclosure
- D. Leadership development and succession planning
- E. Government relations and corporate social responsibility
- F. Communications
- G. Corporate governance

## **A. Integrity — Legal and ethical conduct**

### Responsibility:

Integrity is of fundamental importance to the Board and the corporation. Although it is impossible to list all situations where conduct may be considered to be inappropriate, the Board, with the support of senior management, is responsible for creating a culture of integrity and compliance throughout the organization.

### Duties:

- The Board is responsible for reviewing the corporation's compliance with laws, regulations and standards applicable to the corporation as well as the policies, systems and practices that have been put in place to provide reasonable assurance of ethical conduct concerning the financial affairs, human resources and environmental policies of the corporation.

## **B. Strategic planning and risk management**

### Responsibility:

The Board involves itself in supervising the formulation of the strategic plan and the monitoring of the corporation's performance against its strategic plan. The Board is responsible to identify and manage the principal risks of the corporation's business, including by approving the corporation's overall risk appetite statement and tolerances.

### Duties:

- The Board oversees the corporation's enterprise risk management program, internal control systems and practices so that the corporation's risk management is integrated with its strategic, financial and operating plans.
- The Board oversees the annual submission of the corporation's Corporate Plan, which includes its capital and operating budgets and borrowing plan.

## **C. Financial reporting and public disclosure**

### Responsibility:

The Board is responsible for oversight of the accuracy, integrity and timeliness of the corporation's financial reporting and reviews the internal control systems and practices that management has put in place.

### Duties:

- The Board reviews the accounting principles management has followed to provide accurate and comprehensive financial reports, in compliance with all legislated requirements.
- The Board oversees the public disclosure of the corporation's financial reports, according to all legislated requirements, to promote transparency and accountability.

## **D. Leadership development and succession planning**

### Responsibility:

While recognizing the ultimate authority of the Governor in Council in appointing the CEO and all Board members and in approving the selection, evaluation and compensation of the CEO, the Board oversees the appointment and discharge of all senior officers of the corporation and oversees the succession planning process of the corporation, including the CEO.

### Duties:

- The Board promotes programs to develop leadership throughout the corporation at both the Board and management levels.
- The Board oversees the selection, development, evaluation and compensation of the CEO and establishes goals to monitor performance. The Board encourages regular attendance on a rotating basis of all members of the Enterprise Management Team at meetings of the Board.

## E. Government relations and corporate social responsibility

### Responsibility:

The Board oversees the corporation's relationship with the Government of Canada and the Minister responsible for FCC and other stakeholders. The Board receives regular updates on government policies affecting FCC and the Minister's priorities.

The Board oversees the corporation's corporate social responsibility program, including its connection to FCC's mission, vision and corporate values.

## F. Communications

### Responsibility:

The Board oversees the corporation's communications strategy and the establishment of processes that guarantee the timely disclosure of accurate information to stakeholders.

## G. Corporate governance

### Responsibility:

The Board establishes and continually updates its practices and procedures regarding committee structure and the delegation of responsibilities to those committees, the conduct of meetings, the frequency and length of meetings, the type and kind of materials and information provided to Board members and the reporting of its meetings.

### Duties:

- The Board approves the mandate of the committees and appoints committee Chairs.
- The Board establishes appropriate structures and procedures to enable the Board to function independently of management.

## MEMBERSHIP AND MEETINGS

1. **Membership:** The Board is comprised of a Chairperson, the FCC President and CEO and no fewer than three nor more than 10 other directors. Except for the President and CEO, all directors are independent of management of the corporation and free from any business or other relationship that could impair, or be perceived to impair, the exercise of independent judgment. Members should consult with the Corporate Secretary to discuss and clarify any potential areas of conflict of interests.
2. **Skills and experience:** Directors should have the skills and experience to fulfil their responsibilities or be ready and willing to obtain them through appropriate information and training.
3. **Advisers:** Where the Board believes that there are skills and experience required of its members that cannot sufficiently be provided by them, the Board may supplement its capacity through the appointment of an adviser. An adviser participates at the pleasure of the Board. An adviser is not a member of the Board, but has the ability to fully participate in the discussion. An adviser cannot be an employee of the corporation and has no right to vote. The corporation may provide remuneration and may agree to indemnify an adviser as the Board recommends and the Board approves, in consultation with the corporation and its legal advisers. Nothing in this paragraph will be interpreted as precluding the Board, at any time or from time to time, from engaging internal or external consultants to assist the Board in carrying out its duties.
4. **Quorum:** A quorum consists of five directors, not including any adviser(s). In the case of a tied vote at a meeting of the Board, the Board Chairperson has, in addition to the Chairperson's original vote, a deciding vote.
5. **Meetings:** The Board meets at least four times each year. Meetings are held at the call of the Board Chairperson. Directors are given at least 48 hours prior notice of a meeting, unless otherwise waived.
6. **In camera:** At each meeting, the Board considers meeting separately in-camera with the CEO and then without the CEO and with any other meeting participant such as senior management representatives or an adviser, to discuss the relationship between them and any problems or issues relating to the affairs of the corporation or the fulfillment of the Board's responsibilities and duties.

7. **Conduct of meetings:** Meetings may be held in person or by teleconference, video conference or other electronic means.
  8. **Agenda and materials:** The Board Chairperson establishes meeting agendas in consultation with management and oversees the circulation of materials to members in sufficient time for review before the meeting.
  9. **Information needs:** The Board should have access to accurate, relevant and timely financial and non-financial information, industry and other external data to determine industry benchmarks or best practices, and other comparative information prepared on a consistent basis.
  10. **Governance:** On an annual basis, the Corporate Governance Committee:
    - reviews and assesses the adequacy of this charter and makes recommendations to the Board for approval
    - assesses and confirms that all responsibilities outlined in this charter have been carried out
- 

**History:**

Enacted October 28, 2004	Minute No. 04/05:03:10
Revised October 21, 2009	Minute No. 09/10:02:04
Revised June 1, 2011	Minute No. 11/12:01:06
Revised August 21, 2013	Minute No. 13/14:02:03
Revised March 9, 2016	Minute No. 15/16:04:07:02
Reviewed December 7, 2016	Minute No. 16/17:04:06
Reviewed (no changes) October 18, 2017	Minute No. 17/18:03:08
December 11, 2019	Minute No. 19/20:05:09
March 10, 2021	Minute No. 20/21:10:13