The Role of the Board of Directors

System of Governance

The Canadian Angus Association Board of Directors is responsible for setting the strategic direction and principles of the Association. The board is not operational in nature, meaning that the board does not oversee nor have direct input into day-to-day operations. The board's connection to the operational aspects of the organization is through the CEO. The CEO is responsible for maintaining operational sustainability and is accountable to the board. As a group, the board directs the CEO through a combination of board-approved policies, approved resolutions at official meetings or through consensus that is duly recorded in the meeting minutes. The board tells the CEO the results that they expect, that is what benefit(s) to provide, for whom, at what cost, and within what time frame, but does not tell the CEO how to achieve the expected results.

The board sets the Association's strategic direction and principles in part through governance policies. These policies include board operating elements such as running meetings under Robert's Rules of Order, the board's code of conduct and travel and expense reimbursement policies; registration policies such as the genetic condition policy and official regulations for artificial insemination and embryo transplant; policies that direct the CEO in the form of performance expectations such as requiring that a portion of the Association's profits be invested in a reserve fund annually and presenting an annual budget for board approval; and establishing the board's committee structure.

Role of Directors

As a director, you have a legal obligation (fiduciary duty) to act in the organization's best interest. The Canadian legal system recognizes fiduciary relationships and requires that the fiduciary (i.e. the party entrusted with taking care of another party) acts honestly, in good faith, and strictly in the best interests of the association (i.e. the beneficiary), putting its interests ahead of your own or others' interests.

Fiduciary duty, sometimes referred to as duty of care and duty of loyalty, includes but is not limited to disclosing potential conflicts of interest; actively avoiding conflicts of interest; disclosing relevant information (e.g. serving on another board of directors or raising multiple breeds of purebred cattle) and maintaining confidentiality. Directors are further obligated to familiarize themselves with the Animal Pedigree Act, CAA bylaws and governance policies.

CAA's bylaws indemnify directors against all costs and charges that result from any act done as a director for the Association. CAA invests in a commercial general liability insurance policy that covers claims resulting from managerial decisions that have adverse financial consequences for CAA members, providing up to $5 million in coverage for the

Association and individual directors. The Association's indemnification bylaw and insurance policy do not protect any director or officer for acts of fraud, dishonesty, or bad faith.

Directors are elected by members in a particular region, but once directors take office, they make decisions in the best interest of all members and do not act solely on behalf of their region. Members have diverse opinions and priorities, and the board makes every effort to consider the impact of their decisions on all members. It is rare that directors establish a policy that will please all members. Sometimes directors make policy decisions that are unfavourable for their personal operations or management practices but are in the best interest of the overall membership.

The board sets policies in accordance with the bylaws and as permitted under the Animal Pedigree Act. When implementing new policies or changes to existing policies, directors consider the financial and operational impact on members in different regions, with various herd sizes, with mixed purebred and commercial herds, with mixed breeds, with mixed farms, as well as the timing of the decision and how much time members may need to prepare. Many decisions that the board makes, especially policy decisions, go through a period of discussion, analysis and advance communication to members that can take up to two years from the time a suggestion is brought forward until the policy takes effect.

Another important role for the board is to exercise fiduciary responsibility which includes setting fees and reviewing them regularly; ensuring the integrity, accuracy and timeliness of financial reporting; and ensuring compliance with laws, regulations and ethical conduct concerning the financial affairs of the Association.

The CEO has authority to make day-to-day decisions and ensure the smooth operation of the Association. Through resolutions at meetings, the board provides collective long-term strategic direction to the CEO.

The CEO is the official spokesperson of the Canadian Angus Association and may choose from time to time to authorize specific staff or the president to speak on his behalf. Should a director ever be contacted by media or asked to speak in an official capacity as a representative of the board or Association, such requests must be referred to the CEO. Directors should also refrain from making CAA announcements on their personal social media accounts. Directors are, however, encouraged to share/repost CAA social media content from their personal accounts.

The president has the authority to speak on behalf of the board. The executive (the president, president elect and past president) assist the board in conducting the CEO's performance and compensation review, negotiating the CEO's contract, and guide the board-CEO relationship between board meetings.

Eligibility and Qualifications to Serve on the Board
Any CAA member in good standing is eligible to serve on the board of directors. "Good standing" means that the member has a current paid membership and that the account is not on hold due to an outstanding balance owing. In the case of a business or family membership, only one individual representing the membership can hold office.

The board uses a skills matrix to assess director performance and look for areas in which the board requires training. New and continuing directors complete the skills matrix annually as part of the process of selecting the president elect and president. Identifying areas where the board has skills and areas where skills are lacking can also help the board recruit new directors. For example, if the board identifies that there is a lack of financial acumen, they could emphasize the necessity of that skill when recruiting candidates for an upcoming vacancy on the board.

Code of Conduct and Confidentiality
All directors are required to abide by the board-approved code of conduct and will renew their commitment by signing a new copy annually. The code of conduct includes a confidentiality agreement. Board discussions and how individual directors voted must always be held in confidence. Depending on the subject, even if a member asks directly, directors may not be able to confirm if the board discussed the topic.

Attendance Expectations
Although CAA's fiscal year is the same as the calendar year, director's terms run from AGM to AGM. In a typical year, directors can expect three in-person board meetings (winter, spring and fall). Committees typically meet virtually and there may be virtual board meetings depending on current events.

Directors are expected to make every effort to attend all board and committee meetings. Whenever possible, directors who are unable to participate in a board meeting should notify the president immediately. In accordance with CAA's bylaws, unexplained absence from more than two consecutive regular meetings will be reviewed by the Governance Committee who will recommend appropriate actions to deal with the absence.

Board Term Structure
Directors serve a three-year term and are eligible for re-election to a second three-year term, for a maximum of six consecutive years as a director.
However, directors who are elevated to the executive may serve additional years:

- A director may be elevated to the executive only in the second year of their second term (year 5 of service).
- If elevated, they will serve an additional three years as president elect, president, and past president.
- This results in a maximum of eight consecutive years of service.
- Directors must be re-elected for their second term in order to be eligible for elevation.

Board committees

The board uses committees to carry out specific governance tasks and make recommendations to the board. Committees do background research and discussion to help the board make decisions faster and help meetings be more efficient. Every director will sit on at least one committee except for the executive who will all sit on the executive committee and at least one additional committee. All committees operate under a board-approved committee charter with agreed-upon areas of responsibility and outcomes. Some board committees include staff other than the CEO, but the committee has no authority over staff and cannot direct staff.

The board has five committees: pedigree; audit and risk; governance; breed improvement; and executive. The president and CEO sit on all committees, and every director sits on at least one committee and a maximum of two based on their skills and interests. Committees will meet at least once per quarter and may meet more often depending on issues arising and projects underway.

The pedigree committee and has the authority to authorize the change of ownership and registration of pedigrees where signatures or other information are for any reason unobtainable. They are also responsible for reviewing CAA's compliance with the Animal Pedigree Act, regulations, and breed-related policies.

The audit and risk committee assists the board in fulfilling its oversight responsibilities with respect to the Association's financial health and sustainability. An example of how the committee fulfills their role is reviewing the audited financial statements.

The governance committee ensures that board and Association governance policies, practices and initiatives are regularly reviewed and makes recommendations to the board regarding all governance matters of the Association including the Association's strategic planning processes, the Association's code of conduct and ethics, reputation, stakeholder relations, and bylaw amendments. The strategic plan is a key document in which the board and CEO set short- and long-term goals for the Association. Best practice in strategic planning recommends that planning is a collective effort and that no single person be responsible for producing the Association's strategic plan.

The breed improvement committee oversees the Association's role in advancing the Angus breed through improving breed traits that impact the commercial industry and other industry partners. The committee's responsibilities include regularly reviewing breed trait and integrity policies and procedures and recommending changes and overseeing and making recommendations about strategic breed research projects funded or supported by CAA.

The executive committee is comprised of the president, past president, president elect and CEO. This committee has the authority to act on behalf of the board in an emergency

and acts on behalf of the entire board to fulfill the board's responsibilities in terms of the CEO's performance assessment, employment agreement, compensation, and relationship with the board. The executive committee also takes the lead role on assessing organizational risk although each committee has some responsibility for assessing risks within their purview. The board executive gets input from the board on a regular basis and meets with the CEO regularly to address concerns and questions. The executive committee sets the CEO's performance goals and annually assesses the CEO's performance in achieving the goals.

Collectively and with input from the committees, the Board also sets performance standards and operating expectations. It is the CEO's responsibility to ensure that staff and volunteers abide by these guidelines and meet targets.