

**Red River Cooperative Ltd.**  
**Corporate Governance Guidelines**  
**Compliance and Disclosure Document**  
**April 2020**

**The Red River Board Governance/Compensation Committee conducts regular reviews of the Co-op's Governance guidelines: what follows is a rating on compliance with comments on each guideline.**

**1. The Board has overall responsibility for stewardship of the co-operative, including:**

**a) Stewardship of the co-operative**

**Compliance: Yes**

**Comments: The core function of the Board is to strategically plan and guide the affairs of the co-operative, based on the Articles of Incorporation, By-laws/rules, policies and code of business conduct, so as to effectively move toward achieving the objectives of the organization. The Board as a unit provides guidance to the CEO who is responsible for the day to day management of the Co-op. The Board approves all significant decisions that affect the Co-op before they are implemented and oversees the results.**

**b) Adoption of a strategic planning process that includes senior management.**

**Compliance: Yes**

**Comments: The Board held a one-day strategic planning session together with senior management on June 6, 2019. The intent of the session was to determine strategic direction and formulate action on a set of goals, objectives and strategies.**

**c) Identifying principal risks in the Co-op by working with Board and management and ensure a process to manage such risks is in place.**

**Compliance: Yes**

**Comments: The Audit Committee has developed an ongoing process by which Board and Management continually identify risks and ensure appropriate policies/actions are in place to manage identified risks.**

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- d) **Succession planning, including appointing, training and monitoring senior management.**

**Compliance: Yes**

**Comments: The CEO recruits senior management and ensures their ongoing professional development. Senior staff are subject to periodic evaluations by the CEO who is also responsible for succession planning in the management rank.**

- e) **Ensuring the Co-op has a communications policy.**

**Compliance: Yes**

**Comments: The CEO is the public spokesperson for business matters and the Board Chair for board and policy issues. Efforts are ongoing to enhance communications with Members via an improved website, a newsletter to Members prior to the Annual Meeting mailed with the patronage cheques, and use of diverse social media. Communication with Members includes matters of business, services, products, our co-operative, members, policy, our people and community support. A Member survey is conducted every two years or as required to track changes in Member attitudes/issues important to the Co-op and its Members.**

- f) **Approving a mandate for an Audit Committee of Directors. The Audit Committee will have direct communication channels with the designated internal staff and the external auditor for the purpose of reviewing management's internal controls and information systems.**

**Compliance: Yes**

**Comments: The Audit Committee is mandated to meet with management and the independent auditor as required to ensure the audit process is conducted professionally and independently on behalf of the Co-op's Members who approve appointment of the auditor. At the 2019 Annual General Meeting Members approved the Board's recommendation to re-appoint MNP as an independent external auditor. FCL's audit department is now limited to internal audit support.**

2. **The Board consists of independent individuals who are elected by the Members and who act in the best interest of the co-operative and its Members.**

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**Compliance: Yes**

**Comments: All Board Directors are independent Members, meaning no Director is an employee of the co-operative. Directors self-declare their competencies and attributes on the basis of a Director Skills Matrix.**

- 3. The Board ensures Members have a slate of candidates in place for Director elections and appoints a Nomination Committee to recommend and oversee the election process.**

**Compliance: Yes**

**Comments: To prevent vacancies and to ensure Members have choice in the election process, the Nominations Committee works proactively in advance of the deadline to ensure Members are encouraged to submit nominations. The Committee reports to the Board detailing their actions to ensure qualified candidates are in place by the deadline, with the intention of finding and encouraging skilled Members to run for director positions and to give the electorate choice in the election process. The notice for Director Nominations, posted in grocery and gas bar facilities, describes desirable skills for nominees and details the Co-op's size, membership status and core business.**

**The Board (as per its By-laws) appoints independent scrutineers to count the ballots and report the results to the Annual Meeting of Members. The Board also appoints an Election Officer to support the Nomination Committee in managing the election process.**

- 4. The Board develops a process for assessing the effectiveness of the Board itself, the Directors, and Committees of the Board.**

**Compliance: Yes**

**Comments: The Board conducted a survey of Directors, with the intent to seek ideas for improving the board process and evaluating board/director performance. Follow up discussions to strengthen Board governance is ongoing.**

- 5. The Board is responsible for orientation of new Director (s)**

**Compliance: Yes.**

**Comments: There is a new Director orientation plan in place approved by the Board. The orientation is a joint process with review of**

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operations/business/management by staff and board/policy/membership issues by the Board Chair and/or other Board Directors. It is the responsibility of the Board Chair to ensure orientation occurs.

6. The Board sets corporate and board objectives and assigns responsibility.

**Compliance: Yes**

**Comments: The Board re-affirms its objectives during an annual strategic planning session and follow-up discussion. Progress is reviewed quarterly.**

7. The Board approves the annual CEO's business or work plan with goals/targets and conducts a performance evaluation.

**Compliance: Yes**

**Comments: Each fiscal year, the CEO submits an operational business plan to the Board which is reviewed and approved within the context of the Co-op's strategic plan. Performance is reviewed at quarterly Board meetings, with a full evaluation conducted as soon as practical following the end of the Co-op fiscal year on October 31.**

8. The Board has structures and procedures for ensuring that the Board can function independent of management.

**Compliance: Yes**

**Comments: The Board holds in camera sessions at its meetings without the presence of the CEO; in camera meetings are a standard item on the Board agenda.**

9. The Board should review its size in relation to effective decision-making and make any adjustment if appropriate, to the Annual General Meeting.

**Compliance: Yes**

**Comments: The Board has previously discussed the size or number of Directors for the complexity of the Co-op's business lines, especially since the acquisition of the grocery business and corporate stores. Representation of rural/urban interests is also a consideration. In addition, the size of the Board has been benchmarked to other Co-ops and/or/Corporations of similar size. To date, the Board has concluded that the current compliment of 7 works well.**

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- 10. The Board appoints a Governance and Compensation Committee to assume direct responsibility to manage governance and compensation issues in consultation with the full Board and to report to the membership on detailed progress.**

**Compliance: Yes**

**Comments: The Governance and Compensation Committee is mandated to ensure that governance and compensation issues are being addressed. The Committee reports directly to the Board and signs off on an annual “report card” to Members at the Annual General Meeting which is posted on the Co-op’s public website. Details on executive compensation matters are not normally made public; however, there is reference to general compensation process reviews included in the Committee’s report to the Annual General Meeting.**

- 11. The Board and CEO ensure job position descriptions are in place for the Board and CEO.**

**Compliance: Yes**

**Comments: The Board in consultation with the CEO has approved a job description for the CEO. The Board job description is on file.**

- 12. The Board will ensure a plan is in place for Director and Senior Management training programs.**

**Compliance: Yes**

**Comments: The CEO participates in FCL training sessions and has completed a strategic management program at Babson College in Massachusetts. The CEO also ensures that Senior Management attend appropriate professional development training sessions provided by FCL and elsewhere. Directors are encouraged to follow available FCL governance online training as well as the training sessions provided during the fall FCL Leaders Conference. Directors also attend the corporate governance events hosted by the Institute of Corporate Directors in Winnipeg.**

- 13. The Board establishes committees as necessary with terms of reference and chairpersons.**

**Compliance: Yes**

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**Comments:** The Board appoints standing Committees with a Chair for each Committee. Current Board Committees include: Governance and Compensation, Nominations and Audit. Terms of reference are developed for each committee and are included in an updated Director manual.

- 14. The Board reviews the adequacy of Director compensation in light of the risks and responsibilities involved in being an effective Director and makes recommendations to the Annual General Meeting**

**Compliance: Yes**

**Comments:** The Governance and Compensation Committee of the Board continues to review the level of compensation for Directors, given increasing responsibilities, and the time commitment and effort required to fully discharge Board duties. The Committee monitors Director compensation paid by comparable FCL cooperative Boards and within the cooperative community at large. Adjustments to Red River Director compensation were last presented and approved at the Annual General Meeting in 2019. No adjustment is proposed to the Annual General Meeting in 2020.

- 15. The Board approves a Code of Business Conduct**

**Compliance: Yes**

**Comments:** The Board has adopted a Code of Ethics Guidelines for Directors and each Director is required to re-affirm this Code every year. The Board ensures this Code is reviewed periodically to keep current with modern governance practice. The CEO has a code of ethics for all staff and expectations are clearly communicated and followed.

**Respectfully submitted,**

**Red River Cooperative Ltd.  
Governance and Compensation Committee**

**Anna Maria Magnifico, Chair  
Glenn Williams  
Kristen Wittman  
Ward Weisensel, ex officio**