

Agriculture Financial Services Corporation

Mandate and Roles Document

The Mandate and Roles Document (the “MRD”) for the Agriculture Financial Services Corporation (“AFSC”) has been developed collaboratively between the Minister of Agriculture and Forestry (the “Minister”) and AFSC to reflect a common understanding of their respective roles and responsibilities. This Document replaces and supercedes the 2016 Mandate and Roles Documents between AFSC’s Chair and the Minister.

I. AFSC’s Mandate

- 1) As stated in the *Agriculture Financial Services Act* the Government of Alberta has given AFSC the following responsibilities:
 - a) Lending funds;
 - b) Providing insurance;
 - c) Providing financial assistance;
 - d) Issuing local opportunity bonds;
 - e) Marketing and providing expertise and skills, or providing any service related to the business of the corporation, to any government or person whether or not that government or person is located within Alberta; and
 - f) Carrying on the business of the corporation, including any functions that are incidental or ancillary to the carrying out of those purposes.

- 2) AFSC fulfills its legislative mandate through delivery of the following programs:
 - a) AgriInsurance;
 - b) AgriStability;
 - c) Western Livestock Price Insurance Program;
 - d) Alberta Farm Loan;
 - e) Revolving Loan;
 - f) Commercial Loan;
 - g) Value-added AgriBusiness Loan; and
 - h) Other programs as directed by the Minister.

Applicable Legislation and Regulations

- 1) AFSC has responsibilities under, and is subject to, a number of statutes and regulations, including but not limited to:
 - a) *Agriculture Financial Services Act*;
 - b) *Agriculture Financial Services Regulation*;
 - c) *Financial Administration Act*;
 - d) *Government Accountability Act*;

- e) *Government Organization Act*;
- f) *Freedom of Information and Protection of Privacy Act*;
- g) *Alberta Public Agencies Governance Act*;
- h) *Farm Income Protection Act*; and
- i) *Public Interest Disclosure (Whistleblower Protection) Act*.

II. Duties and Responsibilities

The Government is responsible for the legislative, regulatory and policy frameworks in which AFSC operates. AFSC must have a level of operational independence from the Government in making the day-to-day operation and management decisions including the issuance of insurance policies, settlement of claims, and granting of credit on lending products.

1) *The Minister of Agriculture and Forestry (the “Minister”)*

The Minister is accountable to the Legislature for the operation of AFSC.

The Minister:

- a) Reports to the Legislature with respect to the affairs of AFSC, including the tabling of strategic plans and annual reports, and answering questions about AFSC;
- b) Sets and defines performance expectations for AFSC in conjunction with the Department;
- c) Recommends to Cabinet the appointment, re-appointment, removal, and/or term extension of AFSC’s Board of Directors (the “Board” or “Directors”) and the Chair of the Board (the “Chair”) based on her/his assessment that the appointees have the appropriate knowledge, skills, experience and values to assist AFSC in achieving its objectives and performing its functions;
- d) Consults with the Chair, as appropriate, when significant new strategic directions impact the mandate of AFSC or when initiatives are undertaken to amend any legislation, regulations or policies which may affect the operations of AFSC;
- e) Reviews and responds to matters that require the approval of the Minister in the *Agriculture Financial Services (AFS) Act*, *AFS Regulation*, or as laid out in this MRD;
- f) Evaluates the corporate governance practices of the Board including assessing the Board’s effectiveness;
- g) Monitors the activities of AFSC in respect of its mandate and compliance with all relevant government policies, the *AFS Act* and *AFS Regulations*, this MRD and other applicable Alberta and federal statutes, and takes appropriate action;
- h) Conducts regular review of AFSC’s mandate and purpose to determine if the work of AFSC is still relevant to the needs of Albertans, if it aligns with Government priorities and if the operations and functions are being carried out in a manner that can achieve Government objectives.

2) *The Deputy Minister of Agriculture and Forestry (the “Deputy Minister”)*

The Deputy Minister supports and acts under the general direction of the Minister. The Deputy Minister is responsible for the following activities which have been delegated by the Minister:

- a) Maintains the legislative framework;
- b) Liaises with the federal, territorial, and other provincial governments as needed;
- c) Meets no less frequently than quarterly with the CEO and with the Chair to receive updates on strategic issues; and to receive updates on progress against the strategic plan.
- d) Acts as the Minister’s designate contact for administering this MRD; and
- e) Other duties as delegated by the Minister.

3) *The Department of Agriculture and Forestry (the “Department”)*

In order to meet the responsibilities delegated to AFSC, the Government and the Department are responsible for providing support in the following areas, as required:

- a) Engaging in proactive communication with AFSC;
- b) Provides department perspective on strategic planning in order to ensure alignment with the department;
- c) Sets and defines performance expectations for AFSC in conjunction with the Minister;
- d) Financial resources
- e) Agronomic research and economic data;
- f) Industry and agriculture specialists;
- g) Orientation and training;
- h) Legislative framework maintenance;
- i) Federal, provincial and territorial government liaison and/or agreement signatory;
- j) Communications;
- k) Information technology; and
- l) Other areas as necessary.

4) *AFSC Board of Directors (the “Board”)*

The Board is responsible for the governance of AFSC and overseeing AFSC’s management. The Board guides AFSC’s strategic direction, including ensuring broad strategies, overall risk appetite and policy direction of the government is reflected in AFSC’s strategic plans, approves and monitors AFSC’s strategic plans, operational plan and financial results, evaluates the performance of AFSC’s CEO and is ultimately accountable to the Minister. Board members must act honestly and in good faith, leaving aside personal interests to advance the public interest and mandate of AFSC.

The Board is responsible for:

- a) Adopting corporate governance practices in keeping with the nature, scope, complexity and risk profile of AFSC;
- b) Exercising independent judgement in directing and overseeing management within the mandate determined by the *AFS Act* and *AFS Regulations*, this MRD and AFSC’s strategic plans;

- c) Overseeing compliance with all relevant established policies and all legal and regulatory requirements;
- d) Ensuring all Directors comply with AFSC's Code of Conduct and Ethics and annually reviewing the Code of Conduct and Ethics.
- e) Communicating with the Minister and the Department on items of mutual concern;
- f) Approving all matters which require Board approval as prescribed by applicable legislation and regulations. The Board ensures that such matters are brought to the attention of the Minister, if necessary;
- g) Preparing and providing an annual report for each fiscal year to the Minister, with their recommendation for approval;
- h) Guiding and approving strategic direction, taking into consideration the mandate set out for the corporation, including consideration of the principal risks associated with AFSC's business. The oversight of these risks is assigned to the Risk Committee of the Board and the management of these risks is assigned to the CEO. The status is periodically reviewed by the Board;
- i) Monitoring the financial performance of AFSC ensuring that the financial results are reported on a timely and regular basis and is in accordance with legislated requirements and Public Sector Accounting Standards (PSAS);
- j) Ensuring that internal and external communication plans are in place for AFSC, that the Board and AFSC communicates effectively with its stakeholders, and that AFSC conducts periodic satisfaction surveys of its clients;
- k) Appointing the CEO, determining terms of engagement, and approving compensation, as well as providing the Minister with this information prior to the actual appointment;
- l) Evaluating, at least annually, the performance of the CEO, providing to the Minister copies of the evaluation report and information to support any changes in compensation. Where appropriate, including but not limited to, when reviewing the CEO's performance, the Board is to hold in camera sessions with the CEO excluded;
- m) Ensuring that adequate plans are in place for management development and succession and conducting an annual review of such plans;
- n) Establishing such committees as it deems necessary to assist in the carrying out of the Board's duties. The Board has established the following committees:
 - i) Governance and Human Resources
 - ii) Audit
 - iii) Risk
- o) Ensuring that the Board, through a process led by the Chair (or delegated committee), conducts an annual evaluation and review of the performance of the Board, its committees, the Chair and individual members. The Board reviews the results of the evaluations and discusses opportunities to improve Board effectiveness. Individual member evaluations are used to identify opportunities to improve the individual member's competence and to inform the re-appointment process;
- p) Providing members with an orientation to the particular practices of AFSC, including governance practices;
- q) Providing ongoing development opportunities for the Board members.

5) AFSC Board Chair (the “Chair”)

With direction from the Board, the Chair represents the Board and its interests, as well as the interests of AFSC, in dealing with the Minister, the Department, the CEO, stakeholders and the community. The Chair is responsible for providing leadership for the Board and for effectively facilitating the work of the Board.

The Chair is responsible for:

- a) Planning and managing Board meetings, setting meeting agendas and reviewing meeting minutes;
- b) Providing the Minister with updates on AFSC’s activities and informing the Minister regarding emergent issues, key policies and strategic direction;
- c) Ensuring the Board, and its committees, have opportunities to meet independent of management;
- d) Directing the Board self-assessment process;
- e) Administering the Code of Conduct and Ethics, as applicable to the Board and CEO, and ensuring that conflict of interest matters are addressed by the Board;
- f) Ensuring that a process has been established and implemented by which the CEO’s performance is overseen by the other members of the Board;
- g) Ensuring the Board carries out its work; and
- h) Working closely with the CEO.

6) AFSC CEO

The CEO is responsible for leading management, developing recommendations for and implementing AFSC’s strategy and reporting to the Board.

The CEO is responsible for:

- a) The day-to-day management of AFSC;
- b) Ensuring products and services are within the standards and policies of AFSC, the Government of Alberta and the Government of Canada, if applicable, and that they meet or exceed industry standards;
- c) Ensuring AFSC operates within its Code of Conduct and Ethics and to the highest ethical standards;
- d) Establishing appropriate systems for the general administration and financial management and control of AFSC;
- e) Monitoring performance and taking corrective action when problems are identified;
- f) Ensuring the proper management of AFSC’s risk in providing services and care of AFSC’s assets;
- g) Meeting regularly with the Board Chair to provide operational updates and discuss strategic issues;
- h) Providing support to the Board to allow it to carry out its governance responsibilities;
- i) Working with the Board to prepare an annual strategic plan and annual report in accordance with the guidelines provided by the Minister;

- j) Maintaining effective communications with: AFSC employees; the Chair; the Minister; the Deputy Minister; senior staff in the Department; other Ministries, as required; stakeholders and other business partners;
- k) Meets no less frequently than quarterly with the Deputy Minister to provide regular updates on AFSC operations, strategic issues and to inform the Deputy Minister regarding emergent issues;
- l) Providing a quarterly update against the strategic plan to the Board Chair and Deputy Minister;
- m) Liaising with the federal, territorial, and other provincial governments as needed;
- n) Engaging and working collaboratively with government and stakeholders in discussions, negotiations, design, development and funding for programs; and
- o) Acting as the Board's designate contact for administration of this MRD.

III. Recruitment and Appointment of Board Members

- 1) The Chair actively monitors Board vacancies and advises the Government of Alberta on vacancies to be filled. The Board will work with the department to prepare a recruitment plan for approval by the Minister, including a draft recruitment posting, director profile and a competency matrix.
- 2) Upon approval of the recruitment plan, the Public Agency Secretariat will review and post the recruitment posting.
- 3) Once individuals have submitted their applications, these will be screened against the board profile and competency matrix. The matrix will look at education, industry knowledge, financial literacy, as well as knowledge and experience in relation to leadership, business, entrepreneurship, corporate governance, risk management, human resources, information technology, and law.
- 4) An external HR firm will lead the Screening and Selection phase, whereby applications will be screened against requirements and interviews will be scheduled with candidates chosen.
- 5) The screening and interview panel may include the Premier's Office representative, the Minister's Office representative, a department representative, an HR representative and the Chair of AFSC.
- 6) Following the completion of interviews, the Minister will select the candidates that will be appointed, and the department will prepare the appointment package for the Minister to bring forward to Cabinet for approval.
- 7) Appointments are for a fixed term of up to three (3) years, with the potential for reappointment based on satisfactory performance, to a maximum of ten (10) years of continuous service.

IV. Interaction between AFSC and the Department

The Board and the Minister expect ongoing communication, collaboration and consultation, including regular meetings, between the Department and AFSC management. These interactions will include the following:

- 1) Discussions relating to AFSC's planned activities; results of operations and compliance with applicable regulations; and emerging strategic decisions which could directly impact the mandate of AFSC;
- 2) Awareness of any initiatives planned to amend any legislation, regulation, guidelines or interprovincial agreements which may affect the operations of AFSC directly or indirectly;
- 3) Discussions and negotiations with other governments and stakeholders in relation to the design, development and funding of AFSC programs;
- 4) Recognizing both the Department's and AFSC's expertise, roles and responsibilities in the delivery of their respective programs;
- 5) AFSC shall:
 - a) Establish and maintain an appropriate and effective service delivery framework and inform the Department regarding AFSC's approach to risk management; and
 - b) Recognize the Department's role and responsibilities as being the signatory to intergovernmental agreements.
- 6) The Department shall, in relation to AFSC-delivered programs:
 - a) Recognize AFSC's expertise in design and delivery of Business Risk Management (BRM) programs and engage accordingly, including taking the lead if appropriate, when representing the Province of Alberta in the areas where AFSC's expertise will benefit the province;
 - b) Agree that AFSC will be engaged accordingly, including taking the lead if appropriate, when all discussions, collaborations, negotiations and communications prior to the development of these programs;
 - c) Agree that communication of announcements and public events will be a collaborative effort with AFSC taking the lead if appropriate; and
 - d) Share budgetary and financial information and work collaboratively in making presentations and briefings to the Minister and in any submission to Alberta Treasury Board and Finance.

V. Financial, Staffing and Administrative Arrangements

AFSC is funded by the Federal and Provincial Governments and AFSC's clients, depending on the program.

AFSC prepares annual budgets in accordance with its strategic plan objectives, Government of Alberta approved budget, and in compliance with funding arrangements related to federal, provincial, and territorial agreements and determines its own financial and administrative arrangements accordingly.

AFSC has its own Human Resources department, employs all of its own employees and is responsible for determining their compensation.

VI. Code of Conduct and Ethics

AFSC has established a Code of Conduct and Ethics which set out the principles and standards that guide the actions of all AFSC employees and Board members. All AFSC employees and Board members are responsible for adhering to the Code of Conduct and Ethics, which sets out a process for handling actual or apparent breaches, including an escalation process to resolve issues.

The Governance and Human Resources Committee of the Board has overall responsibility for the effectiveness and administration of the Code of Conduct and Ethics and recommends any amendments to the Code of Conduct and Ethics to the Board.

A copy of the Code of Conduct and Ethics is made available to the public on AFSC's website at www.afsc.ca.

VII. Planning and Reporting Requirements

- 1) AFSC must prepare and provide to the Minister the following planning and reporting documents to allow the Minister and other stakeholders to make an assessment about how efficient and effective AFSC is in exercising its mandate:
 - a) A strategic plan and annual report for each fiscal year in accordance with the requirements of the *Government Accountability Act*; and
 - b) Annually, financial statements as required pursuant to the *AFS Act*.
- 2) AFSC must, on the request of the Minister and subject to the protection and disclosure provisions of FOIP, prepare and provide commercially sensitive information to the Minister in confidence to allow the Minister to make an assessment about how efficient and effective AFSC is in exercising its mandate.

VIII. Administration

1) *Periodic Agency Review*

The mandate and operations of AFSC must, at least every seven (7) years, be reviewed by the Minister. The next Periodic Agency Review for AFSC is scheduled on or before 01/09/2023.

2) *Transparency*

Copies of the MRD will be filed with the Minister, AFSC, and the Corporation Governance Secretariat.

In support of the principle of transparency, the following AFSC documents will also be easily available to the public at www.afsc.ca:

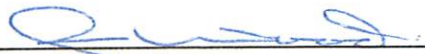
- a) MRD;
- b) Strategic Plan;
- c) Annual Report;
- d) Bylaws;

- e) Board Committees' Terms of Reference;
- f) Code of Conduct and Ethics;
- g) Other document deemed appropriate.

3) Review of the Mandate and Roles Document

This MRD replaces and supersedes the Mandate and Roles Document dated September, 2016, between the Chair and the Minister.

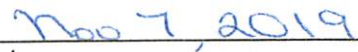
This MRD must be affirmed on a change in either the Minister or the Chair. This MRD shall be in effect for no more than three years and must be renewed, amended or replaced within 3 years after the day on which the MRD or the most recent amendments to the MRD was signed.



Jennifer Wood
Board Chair – AFSC



Devin Dreesen
Minister, Agriculture & Forestry



Date



Date