

**GETTING BOARD READY – MODULE 3: YOUR BOARD IMPACT****STRICTLY CONFIDENTIAL****BIOZEST INC.
BOARD OF DIRECTORS BRIEFING**

DATE: November 23rd, 2020

TO: BIOZEST INC. (the “Company”) Board of Directors

COPY: Nora Jones, Chief Financial Officer
Brian Black, Chief Legal Officer
Simone Jarvis, Apex Executive Search Firm (“Apex”)

FROM: Brenda Albert, Chair Human Resources & Compensation Committee
Jennifer Thomas, Chief Human Resources Officer

SUBJECT: Interim CEO & Succession Planning

PURPOSE

This Board briefing (including attachments) is provided for information purposes. This briefing is intended to support discussion and decisions to be made by the Board of Directors at its upcoming emergency meeting. The Board must appoint an interim CEO and thereafter a permanent CEO.

BACKGROUND – CEO SUCCESSION PLAN

Prior to the upcoming emergency Board meeting, the Human Resources & Compensation Committee of the Board (“HRCC” or the “Committee”) met with Company senior executives (copied above) and a representative from Apex following the sudden death of the CEO to review the CEO Succession Plan. Additionally, the Committee received a progress report on the leadership development actions put into effect for Candidate A and Candidate B since the CEO Succession Plan was established in 2018. The HRCC discussed the CEO readiness of Candidates A and B as well as two additional candidates (discussed below) to be considered for a CEO role. A brief overview of the Committee’s findings and recommendations follows below.

By way of background, in 2018, Biozest adopted a CEO Succession Plan under which two members of Biozest’s current senior executive team (the internal candidates hereafter referred to as Candidate A or B) were identified to a CEO ‘short-list’ in order to fulfill the planned CEO succession over the next 3 years.

Subsequently, in January 2020 the Board approved a new Strategic Plan, which projected accelerated growth.

In May 2020, as part of the strategic planning process and on recommendation of the HRCC, the Board approved new CEO attributes and a compensation package that will better serve the Company’s future growth and execution of the Strategic Plan. The Board also determined that Candidate A and Candidate B should remain on the CEO short-list.

FINDINGS AND RECOMMENDATIONS OF THE HRCC

Candidate A has been with the Company for 7 years and is believed to hold great potential and readiness for the CEO role. Candidate A has resisted coaching despite having strong potential however, it is believed this is due to time commitments and competing priorities rather than substantive resistance. There are no concerns about A’s potential to perform in a crisis situation.

Candidate B has been with the Company for 7 years and has also shown very high CEO potential. Candidate B is believed to be 12-18 months ‘out’ and there are some concerns about B’s potential to perform in a crisis situation, which the Committee believes must be explored more fully.

Both candidates lead the largest business divisions for the Company and each hold P&L responsibility. Neither candidate has had significant exposure to the Board. The Committee believes there are no other suitable internal candidates for the CEO short-list other than Candidates A and B.

At the meeting, the HRCC considered in general terms the appropriateness of the addition of a current member of the Board (“Candidate C”) as a potential CEO successor. Candidate C previously served on an Advisory Board to the Company (to provide strategic advice and guidance to the CEO) and has considerable knowledge of the business of the Company and the industry within which it operates as well as previous CEO experience. The Committee supports the addition of Candidate C to the CEO short-list, subject to Board consideration and approval.

Finally, following approval of the Strategic Plan and the new CEO attributes, the Company retained Apex Executive Search firm to assist with the CEO recruitment outside the Company. To date, Apex has identified one candidate (the “Apex

Candidate”) who meets the Company’s needs in all respects against the new attributes approved by the Board but whose financial expectations exceed the Company’s compensation expectations. The Committee supports the addition of the Apex Candidate to the CEO short-list, subject to Board consideration and approval.

CEO SUCCESSION PLAN

Interim CEO Appointment

The Succession Plan recognizes the responsibility of the Board of Directors to make provision for competent leadership for Biozest. A provision of the Succession Plan contemplates short-term unplanned absences of the CEO, fewer than 30 days and over 30 days, as well as the unplanned permanent absence of the CEO. Pursuant to the Succession Plan, as soon as possible, and **not more than five (5) business days after the date of the CEO’s absence**, the Board must appoint an interim CEO.

Delegation of Authority to a Committee of the Board

The Board must form a Special Committee of the Board OR delegate to a Committee of the Board certain responsibilities of the Board under the Succession Plan.

Within the next 4-6 months, the Special Committee/HRCC is expected to:

- 1) Review the CEO candidates’ profiles (see attached talent scorecard for certain short-listed CEO’s) with the Board.
- 2) Recommend to the Board a transition plan and timetable for the appointment of a permanent CEO.

ATTACHMENTS:

1. Talent Scorecard – Candidate A
2. Talent Scorecard – Candidate B
3. Talent Scorecard – Candidate C (Board Candidate)
4. Talent Scorecard – Apex Candidate

Talent Scorecard - Candidate A

Experience/Skills	Rating	Leadership Competencies	Rating
Held business management or financial executive level role	4	Shapes Strategy	3
Major portions of career completed in manufacturing	4	Drives Transformation	3
Effectively led a P&L	5	Insightful Decision Making	5
Built high-performing teams	4	Drives for Results	5
Built effective external alliances/affiliations/JVs	4	Builds Organizational Capability	4
Established and maintained government and regulatory relationships	4	Cultivates Partnerships and Networks	4
Effectively created an enduring vision for a business/function	3	Influence and Impact	4
Effectively created/executed a multi-year business strategy	3	Engages and Inspires	5
Effectively grew new markets/products	2	Executive Presence	3
Track record in transforming a significant part of the business	3	Executive Maturity	4
Experience with logistics on a global scale	3	Resilience	4
Significant exposure outside of home country	2	Global Perspective	2
Key Strengths		Potential Risks	

<ul style="list-style-type: none"> • Excels at building relationships and connections with stakeholders; demonstrates strong interpersonal sensitivity, listening skills, as well as persistence in building collaboration and alliances • Cares deeply about the organization’s values. • Readily shares credits which allows her to rally a broad range of stakeholders and generate long-term people followership • Good strategic communicator, creates a sense of purpose; her approach is very inspiring and effective in getting buy-in • Has big ideas, but may not share them broadly. • Understands all components of supply chain in North America • Maintains calm under pressure 	<ul style="list-style-type: none"> • May not be open to feedback; may dig in her heels and assumes she knows the answer, especially under stress. • May tend to rely on past experience when making decisions; yet to be tested for her ability to manage complexity. • Strategy work to date has been narrow in focus. • May not be transformational in approach, and change appetite may be more incremental in nature • Has not yet had exposure outside Canada, and may have limited access globally to potential partners • Has not demonstrated exponential growth in own area
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Talent Scorecard - Candidate B

Experience/Skills	Rating	Leadership Competencies	Rating
Held business management or financial executive level role	4	Shapes Strategy	4
Major portions of career completed in manufacturing	4	Drives Transformation	3
Effectively led a P&L	4	Insightful Decision Making	5
Built high-performing teams	4	Drives for Results	5
Built effective external alliances/affiliations/JVs	2	Builds Organizational Capability	4
Established and maintained government and regulatory relationships	4	Cultivates Partnerships and Networks	3
Effectively created an enduring vision for a business/function	3	Influence and Impact	4

Effectively created/executed a multi-year business strategy	3	Engages and Inspires	4
Effectively grew new markets/products	4	Executive Presence	3
Track record in transforming a significant part of the business	4	Executive Maturity	4
Experience with logistics on a global scale	3	Resilience	3
Significant exposure outside of home country	3	Global Perspective	3
Key Strengths		Potential Risks/Development Opportunities	
<ul style="list-style-type: none"> Exceptionally bright: strong conceptual and analytical skills. Demonstrates a well-honed ability to thoroughly analyze, weighing a wide variety of factors and providing strong, well-articulated recommendations. Focuses strongly on execution and driving results; delivers to a high standard Demonstrates strong people leadership – turned around an underperforming team 		<ul style="list-style-type: none"> Has not had major transformation experience May need to hone her communication/influence capabilities Has created a vision and strategy, but scope was fairly narrow May tend to over-personalize feedback and not always bounce back quickly from failure May not always take decisive action when in ambiguous situations. Somewhat reserved in nature, clearly understands the importance of relationships, but may not always invest in proactively nurturing them. 	

Talent Scorecard – Candidate C

Experience/Skills	Rating	Leadership Competencies	Rating
Held business management or financial executive level role	5	Shapes Strategy	4
Major portions of career completed in manufacturing	5	Drives Transformation	3
Effectively led a P&L	5	Insightful Decision Making	5

Built high-performing teams	4	Drives for Results	4
Built effective external alliances/affiliations/JVs	4	Builds Organizational Capability	4
Established and maintained government and regulatory relationships	4	Cultivates Partnerships and Networks	5
Effectively created an enduring vision for a business/function	4	Influence and Impact	4
Effectively created/executed a multi-year business strategy	4	Engages and Inspires	4
Effectively grew new markets/products	4	Executive Presence	4
Track record in transforming a significant part of the business	3	Executive Maturity	5
Experience with logistics on a global scale	3	Resilience	4
Significant exposure outside of home country	3	Global Perspective	3
Key Strengths		Potential Risks/Development Opportunities	
<ul style="list-style-type: none"> Track record of success in the manufacturing sector Highly consultative and collaborative, adept at building coalitions Well-honed critical thinking capabilities Understands all components of supply chain in North America Knows BioZest business, stakeholders, and challenges Has extensive network of relationships Demonstrates gravitas; maintains calm under pressure 		<ul style="list-style-type: none"> Has not had significant global experience Experience has mostly been steady state/organic growth Knowledge, experience may be dated Limited transformational experiences May not have credibility internally 	

Talent Scorecard – Apex Candidate

Experience/Skills	Rating	Leadership Competencies	Rating
Held business management or financial executive level role	5	Shapes Strategy	5
Major portions of career completed in manufacturing	5	Drives Transformation	5
Effectively led a P&L	5	Insightful decision Making	5
Built high-performing teams	4	Drives for Results	5
Built effective external alliances/affiliations/JVs	3	Builds Organizational Capability	4
Established and maintained government and regulatory relationships	4	Cultivates Partnerships and Networks	4
Effectively created an enduring vision for a business/function	3	Influence and Impact	4
Effectively created/executed a multi-year business strategy	4	Engages and Inspires	3
Effectively grew new markets/products	4	Executive Presence	4
Track record in transforming a significant part of the business	5	Executive Maturity	4
Experience with logistics on a global scale	4	Resilience	4
Significant exposure outside of home country	4	Global Perspective	4
Key Strengths		Potential Risks/Development Opportunities	

<ul style="list-style-type: none"> • Track record in exponential growth in the manufacturing sector • Excels at building relationships and connections with stakeholders; demonstrates strong interpersonal sensitivity, listening skills. • Highly goal and achievement oriented; sets the bar high for self and others • Well-honed critical thinking capabilities • Communicates with conviction and confidence. • Courageous and adventurous, will push boundaries and make bold moves, but will course correct based on new information • Thrives in ambiguity – easily makes sense of complexity and finds a path forward. • Been exposed to multiple geographies from which she has developed an understanding of cultural differences, and how to get things done • Remains open minded and flexible with taking calculated risks; takes a trial and error approach for innovative ideas 	<ul style="list-style-type: none"> • Tends to like the spotlight. May not always share credit. • May tend towards being too direct in communication and not always demonstrate strong interpersonal sensitivity • May not always invest time to consult and build followership; may tend towards over- relying on facts to influence and engage. • May not always listen to others' perspectives • May not always empower team
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