

BRUNSWICK

ADVICE NOTE

To: Cardinal Harvest Board of Directors

Re: Leadership Transition

Date: June 2026

Overview

Cardinal Harvest Naturals (CHN) is at a pivotal moment, facing concurrent operational, reputational, and governance pressures. Two recent product recalls have undermined consumer trust, while a highly aggressive activist investor has come forward with public criticism and a set of demands. The CEO appointment will be interpreted not simply as a leadership transition, but as a response to scrutiny and signal of strategic direction.

With the help of independent advisors, the Board has identified two well-qualified CEO candidates. This note does not offer a recommendation between the two candidates. Rather, it sets out recommendations to help guide the Board's decision-making process, restore confidence in the Board's oversight, and ultimately set the company up for long-term success.

Background

High-Level Chronology

CHN's current situation reflects a shift from market strength to reputational vulnerability over a relatively short period of time:

- **Position of strength (2024):** In early 2024, CHN was ranked #3 in the industry trade group's Organic & Natural Food Brands survey, achieving its highest-ever brand favorability. The company surpassed \$5 billion in annual revenue for the first time, reflecting strong growth.
- **Operational crises (late 2024–2025):** In September 2024, CHN conducted a nationwide recall of frozen vegetable products due to listeria concerns. Just over a year later, in November 2025, there was a second recall tied to non-organic pesticide contamination in strawberries across multiple states.
- **Unexpected retirement (early 2026):** In January of this year, CEO Maggie Ellis announced her retirement (health-related, not crisis-driven). Formal succession planning was launched in February with an emphasis on safety, trust rebuilding, and enterprise integration.
- **Activist scrutiny (May 2026–present):** In May, activist investor Evan Cole from Redwood Vale Capital (~10% shareholder) publicly criticized the Board and threatened a proxy fight. The Redwood Vale letter demands a "transformative CEO" with a clear 100-day plan.

Final CEO Candidates

High-level summary of the two candidates emerging as finalists:

- **Michael Alvarez (internal):** Highly credible operational leader, responsible for CHN's strongest-performing division (40%+ of revenue, \$2 billion in annual sales out of the enterprise's \$5 billion), leading a 50-brand portfolio that has become the company's most

reliable growth engine. Known for disciplined operational leadership, strong cross-functional credibility, and ability to elevate performance in complex, regulated environments. Perceived internally by some as the “heir apparent,” but has somewhat limited external and enterprise-wide exposure.

- **Jennifer Russell (external):** Sitting public company CEO with more than 25 years of experience in the food and consumer products industry, with deep experience in natural and organic food categories, largescale supply chains, and public company governance. Experience rebuilding trust, managing stakeholders (including activists), and shaping external narratives, with strong credibility across media, investors, and regulators.

Recommendations

Continue to prioritize independence and rigor in the selection process

- With recent recalls looming large and ongoing pressure from the activist investor, assume that the CEO selection process may be scrutinized publicly or even litigated.
- The Board has appropriately retained outside firms to support its work (Heidrick & Struggles to lead the candidate search and determine key profiles, capabilities, and experiences for the job specification; Ascent to conduct finalist assessments). Continue to consult (and document your consultation of) independent advisors.

Ensure that the selection criteria for the incoming CEO are clear – and then choose accordingly

- The job specification created by Heidrick & Struggles lays out in detail the responsibilities, qualifications, competencies, and expectations of the incoming CEO. Be prepared to articulate why the chosen candidate best fits the role as outlined in that document.

Proceed quickly but take care not to rush unnecessarily

- While considerable external pressure counsels in favor of moving quickly, it must not override the Board’s responsibility to deliberate carefully with a focus on the long term.
- If appropriate, consider periodic updates that signal progress without overexposing deliberations. For example, if the Board makes an interim appointment, consider outlining how and when a permanent appointment will follow.

Engage the activist investor (privately)

- Set up an introductory meeting with Redwood Vale for the purpose of understanding their position in greater detail, answering preliminary questions, and building rapport.
 - Determine with outside advisory support who should attend the meeting on behalf of CHN (e.g., CFO, Head of IR). Prepare designated attendees appropriately.
 - To the extent Redwood Vale expresses a thesis, hear them out.
 - Establish a framework for ongoing dialogue and respectful engagement.
- At all times, maintain a neutral, confidential, and constructive tone, underscoring that the Board and management team listen to all shareholders and are actively focused on ways to enhance value for them.

Maintain confidentiality and message discipline

- Avoid public back-and-forth on candidates or process details.

- Ensure that individual board members are prepared to redirect one-off questions from investors or reporters to an appropriate channel/person using preapproved language.
- Prepare for the possibility of leaks.

Consider likely stakeholder concerns

- In weighing the relative merits of the candidates (and drafting communications – see below), consider the various stakeholders and their likely questions or concerns.
- For example, internal audiences may be skeptical of an external candidate or disappointed to see an internal candidate passed over, whereas investors (including the activist) and/or media may question whether an internal candidate is sufficiently transformative.
- There may also be individualized considerations. For example, selecting the external candidate may create a retention risk for the internal candidate, who leads the company's highest-performing division.

Develop a comprehensive communications strategy

- Design a strategy that signals the rigor of the process, provides the strategic rationale for the selection, and outlines a clear go-forward strategy.
- In terms of content, answer key questions in a straightforward and factual way:
 - Why this person, now?
 - What will they do differently or better?
 - What are their qualifications?
 - How did the Board decide?
 - Is anything else changing?
 - What's next?
- Tailor communications by audience (but remain consistent).
 - For example, employees may wonder about the impact of the appointment on their jobs or corporate structure, whereas consumers are likely to be more focused on the safety and availability of products.
 - Address likely stakeholder concerns (see above) while remaining consistent, as any real or perceived inconsistency creates a credibility risk.
- Consider not only the content of the messaging but also the sequencing (e.g., are you telling the leadership team before the activist), the tactics to reach key stakeholders (e.g., press release, video, town hall, small group meeting, 1:1, etc.), the messenger(s) (e.g., Board chair, outgoing CEO, incoming CEO), and whether communications will be proactive or reactive.
- Importantly, look beyond announcement day. It will be critical to continue to engage key stakeholders, demonstrate improvements with tangible milestones, and maintain a drumbeat of progress.

Conclusion

From a reputational standpoint, regardless of the candidate selected, it is critical that the Board's process is perceived to be deliberate, fair, and focused on achieving the best possible result for the company. Our recommendation is essentially twofold: (1) continue to conduct a rigorous process with the support of independent advisors; and (2) design and execute a communications strategy that demonstrates CHN has a forward-looking plan, the right incoming leader, strong oversight, and effective governance.