

Kootenay Savings Board of Directors Nomination Package



NOMINATION PACKAGE

This Nomination Package contains information on the qualifications, roles, and responsibilities of Directors. You will also find everything you need to submit your Nomination Package.

>> All nominations must be received NO LATER THAN NOON PST on Friday, November 01, 2024. <<

Be sure to allow adequate time to prepare and submit your documentation. To submit your official nomination, please follow the steps below:

1. Complete all the required forms and prepare the required accompanying documents. *(see Nominations Checklist on page 14)*
2. Email election@kscu.com when you are ready to submit your official Nomination Package. To ensure the information provided in your documents remains confidential, **please DO NOT attach any of the required documents during this step.**
3. Once your email is received, we will follow-up with easy-to-follow instructions on how to **securely submit your documents using a secure file transfer site.**

We have moved to electronic signatures wherever a signature is required on the nomination forms. Once your forms have been submitted, they will be sent back to sign using our secure eSignature platform.

If you wish to submit hardcopy forms, your completed Nomination Package and accompanying documents can be dropped off at any Kootenay Savings branch or mailed to:

Kootenay Savings Corporate Office
Attn: Election Officer
220 – 1101 Dewdney Avenue
Trail, BC V1R 2T1

If you have any questions, please contact our Board Governance Secretary at 250.368.2685. In addition, you can also request to be put in touch with a current member of the Board who can give you a first-hand account of their experience as a Kootenay Savings Director.

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INFORMATION FOR BOARD OF DIRECTORS NOMINEES

Thank you for your interest in becoming a member of the Kootenay Savings Board of Directors. The Directors election traditionally takes place in mid to late April, and successful candidates are announced at the Credit Union's Annual General Meeting, April 29, 2025.

By law, the Board has a fiduciary responsibility to manage the Credit Union. They are accountable to the membership for sound financial operations, policy, and direction of the organization. While the day-to-day operations of Kootenay Savings is the responsibility of management, policies and procedures are set and monitored by a Board of Directors that is elected by the membership.

This document contains information on the qualifications, roles and responsibilities required of Kootenay Savings Directors, process for submitting nomination papers, and a nomination checklist. The information provided in this document is not exhaustive, and candidates are encouraged to familiarize themselves with the [Kootenay Savings Credit Union Rules](#), which can be found on the Governance page of kscu.com.

2023 - 2024 BOARD OF DIRECTORS

Mike Konkin, <i>Trail</i>	Board Chair
Wendy Booth, <i>Fairmont Hot Springs</i>	Board Vice Chair
John Brand, <i>North Shore</i>	
Clara Reinhardt, <i>Radium Hot Springs</i>	
Forrest Drinnan, <i>Fruitvale</i>	
Owen Morris, <i>Castlegar</i>	
Amed Naqvi, <i>Nelson</i>	
Roberta Schnider, <i>Radium Hot Springs</i>	
Keith Smyth, <i>Trail</i>	
John Stephens, <i>Rossland</i>	

POSITIONS UP FOR ELECTION

In 2025, the following **four positions** will be up for election, each carrying a **three-year term**.

- Mike Konkin
- Owen Morris
- Roberta Schnider
- Wendy Booth

ELECTION PROCESS & PROCEDURES

There are two Board appointed committees with oversight of the annual election process - the Governance & Human Resources Committee and the Nominations & Election Committee.

The Governance & Human Resources Committee annually reviews the skill set of the current Board of Directors to determine current strengths and areas of expertise. Based on this review, the Nominations & Election Committee develops a “**Desired Candidate Profile**” (see Page 11) identifying the background and skill set desired for potential new Directors.

The role of the Nominations & Election Committee is to:

- Develop, recommend, and oversee the Call for Nominations and Election process to ensure that requirements of the applicable legislation and rules of the Credit Union are met.
- Ensure members are fully informed about the election process.
- Evaluate candidates based on the election requirements and identify and recommend candidates to fill Board vacancies based on this evaluation.

Candidate Interviews & Information Sessions

Each candidate will be required to take part in an interview/information session after the close of nominations. Candidates will be contacted with more details after the close of the Call for Nominations. Interviews and Information Sessions will be held from November 12-22, 2024.

Recommended Candidates

Following the completion of the candidate interviews and information sessions, each candidate’s qualifications will be evaluated against the Desired Candidate Profile and the Nominations & Election Committee will determine which candidates it may recommend to the membership, if any. Identifying “Recommended Candidates” is a way to assure members that the candidates have the expertise, experience and attributes needed to oversee the Credit Union on behalf of the membership. These recommendations will be included in election promotional material.

Incumbent candidates are not automatically recommended and are evaluated using the same criteria applied to new candidates. Candidates who are not recommended may still choose to stand for election. Ultimately, no matter who is recommended, the membership determines who is elected.

Holding an Election

If the number of qualified nominees exceeds the number of positions to be filled, an election will be held. The Nominations & Election Committee will provide an election package to members containing election dates and explaining how to cast their vote. Information will include biographies and photographs submitted by the nominees and approved by the Nominations & Election Committee. If any candidates are declared elected by acclamation, the package will inform members about the acclimated candidates.

This election package will be sent to all eligible voting members and be available on the Kootenay Savings website and for pickup at any branch. Members will have the option to vote at any Kootenay Savings branch, online, or by mail-in ballot. Full instructions on how to vote, who is eligible to vote, and the AGM date will be included in the election package.

Election Results

The election process, including the ballot count, will be administered and overseen an independent third-party service provider. All candidates will be informed of the election results within two business days following the ballot count. Election results will be announced to the membership at the Annual General Meeting.

NOMINATIONS & ELECTION TIMELINE

Call for Nominations Open	October 7, 2024
Nomination Deadline	November 1, 2024
Candidate Interviews & Information Sessions	November 12 to 22 2024
2025 Election Package Provided to Members	Early March 2025
Last Day to Request Mail-in Ballot	April 3 2025
Deadline for Return of Mail-in Ballots	March 12 2025
Election <i>(if required)</i>	April 7 to 11 2025
Official Ballot Count	April 14, 2025
Annual General Meeting <i>(held virtually)</i>	April 29 2025

BOARD OF DIRECTORS REQUIREMENTS & RESPONSIBILITIES

Directors have a great deal of responsibility and accountability but have authority only jointly with other Directors through the actions of the Board. They have a duty to be informed, act with care, diligence, and skill, and to conduct Credit Union affairs with honesty and integrity. While the Board exercises all powers of the Credit Union to ensure efficient operations, the Board delegates the management of business affairs to employees of the Credit Union.

The Board of Directors, as a whole, is responsible for:

- Understanding, reviewing, and approving the corporate strategic plan, annual capital and operating plans and budgets, financial statements and strategic initiatives.
- Monitoring performance against budget and strategic plans.
- Appointing and evaluating the President and CEO.
- Succession planning and fostering the Credit Union's long-term success.
- Establishing standards of business conduct and ethical behavior.
- Overseeing liquidity, funding, and capital management.
- Overseeing effective corporate governance.
- Bringing forward members' concerns.

Board Structure

The Board consists of 10 At-Large Directors. Every KSCU Director represents the entire membership of the credit union, regardless of where they live or what position they hold on the Board. A majority of votes of the Directors present shall decide all questions at meetings of the Board. In an equality of votes, the chairperson of the meeting when the vote is taken shall have a further casting vote.

Online & Virtual Communications

The Board and Management use emails, text messaging, and a Board communications portal for information exchange and communications, such as advance meeting agendas, meeting minutes, special schedules, confirmations on travel arrangements, and non-confidential data distributions. Board and Management also conduct meetings both in person and virtually.

Kootenay Savings will issue every Director a computer to provide access to remote meetings and compatibility with company systems and resources.

Board Meetings & Planning

Attendance and participation in all regular and special meetings, including planning sessions and committee meetings, is required.

- Regular Board and committee meetings are generally held quarterly, and Special Board meetings may be held as required.
- Board and committee meetings will include a mix of virtual and in-person formats at corporate headquarters and various regional locations. Quarterly meetings are planned to be in person.

- Regular Board meetings will generally be scheduled with the best effort to accommodate those with daytime commitments
- Committee meeting times may be more flexible, based on committee members' schedules.
- The Kootenay Savings Annual General Meeting is traditionally held in April or May.
- Kootenay Savings' annual strategic planning session is typically held in person, and members of the Board may be required to attend.

Committees of the Board

Each Director will be appointed to serve on one or more of the following committees:

- Executive Committee
- Governance & Human Resources
- Audit & Operational Risk
- Credit & Market Risk
- Conduct Review
- Nominations & Elections
- Member & Community Relations

Additionally, Directors may be appointed to serve on the Board of the Kootenay Savings Community Foundation and/or the Board of Kootenay Insurance Services.

Other Commitments

Kootenay Savings is a member of Central 1 Credit Union and attends the general meetings which are held in the Spring and alternate between Vancouver and Toronto. These meetings may be conducted virtually or in person. The Board Chair or Vice-Chair are the designated delegates at these meetings.

In addition to being a member of Central 1, Credit Unions in BC are divided into Peer Groups. Kootenay Savings belongs to Peer Group 3 which represents the group of credit unions operating in the Kootenay/Boundary/Columbia region. Meetings are held twice annually, in the Spring and Fall. These meetings may be conducted virtually or in person and attendance is encouraged for all Directors.

Directors are also encouraged to volunteer at Kootenay Savings-supported community events/initiatives.

Training Sessions

There is an orientation session held for new Directors. There are also mandatory training modules that must be completed within 12 months of the date of election or appointment.

- The Foundations of Governance – Level A consisting of 7 Modules:
(Choice to complete independently online, or in a 2-day classroom session)
 - Overview of the Credit Union System
 - The Board's Roles and Responsibilities

- A Director's Roles and Responsibilities
 - Legal Basics
 - Financial Statements
 - Asset-Liability Management
 - Monitoring Credit Union Performance
- Workshop: Foundation of Governance in Theory and Action (*one-day in class*)

Individual Director Responsibilities

Directors will be expected to bring a broad range of knowledge and depth of experience, support the vision and values of Kootenay Savings, and have a fundamental understanding of their role and responsibilities. Directors should be fully informed regarding their responsibilities and liabilities as a director prior to a commitment to service and be willing to undertake appropriate training and development as may be required or available from time-to-time to members of the Board.

- Attend and participate in all regular and special meetings of the board, including planning sessions, committee meetings and Peer Group meetings.
- Read and understand all reports for all committees, financial statements, and budgets on which decisions will be required to be made and query any unclear information with the CEO, Committee Chair or Committee Advisor.
- Act honestly and in good faith and make all decisions in the best interest of the Credit Union.
- Support the Board in all its decisions and support the CEO, management and employees of the Credit Union.
- Bring any knowledge or skill to Board discussions.
- Keep all Credit Union matters confidential.
- Adhere to all legal requirements and Credit union Policies.
- Undertake Director training and make commitment to develop relevant skills and knowledge.
- Bring members' concerns to the Board.
- Represent and actively promote the Credit Union in the community.
- Interact with Directors of other Credit Unions.

Remuneration & Expenses

Each Director receives an honorarium, with the current *aggregate remuneration* to Kootenay Savings Board of Directors established at \$125,000 annually. This amount is allocated and distributed at the discretion of the Board. When required to travel for Credit Union training sessions and Board/committee meetings, all travel, meals and accommodation expenses incurred will be covered, as per policy.

Kootenay Savings' Rules Requirements

In addition, the [Rules of Kootenay Savings Credit Union](#) (incorporating any legislative requirements) stipulate the following minimum requirements:

- You must have been a member in good standing for at least 12 months prior to the closing date of nominations. A member in good standing must:
 - Hold a minimum of 25 Membership Equity Shares in your name (\$1/share).
 - **On a joint account with two or more members, where only \$25 is held in membership shares, only the first named on that joint account is entitled to nominate a candidate and vote in the election.**
 - **If two adult members under one joint account own the minimum membership shares (\$25 each for a total of \$50 in that joint account), the two members will have the right to nominate a candidate and vote in the election.**
 - Not be more than 90 days in arrears in any obligation to the Credit Union.
 - Not have an obligation to the credit union which has been written off by the Credit Union within the previous seven years.
- You must be an adult, age 19 or over.
- You cannot be an employee of the Credit Union, or an immediate family member of an employee of the Credit Union.
- You cannot be an owner, partner, employee or Director of any business or organization that is in the same or similar business as or in competition with the Credit Union.
- Other standard requirements under the *Credit Union Incorporation Act, Financial Act and Company Act*.

For additional details, please refer to the appendices at the end of this package.

DESIRED CANDIDATE PROFILE

Kootenay Savings Credit Union's Board of Directors represents our members by providing sound governance and oversight of our Credit Union to ensure strong, effective management and strategic objectives that are aligned with our members' best interests and our vision, mission and values.

Directors must have a fundamental understanding of this important role and responsibilities, and possess key personal attributes, areas of expertise, experience and a desire for continued development, both individually and collectively, to ensure a high functioning Board.

Personal Attributes

Every Board member must adhere to the highest ethical standards, act with integrity, display sound business judgement, demonstrate a passion for community involvement and advocacy, and a strong understanding of the credit union system and its cooperative values.

Individuals must also be self-directed, collaborative board members who demonstrate highly developed interpersonal skills, and be independent thinkers while remaining open to new ideas and perspectives.

Directors must be strategic and critical thinkers with the ability to anticipate future business risks and opportunities and have a solid understanding of the competitive financial services environment locally and globally.

Each Board member must demonstrate financial literacy, be able to interpret complex and detailed financial statements and assess business performance.

Each Board member is required to be proficient in computer use and capable of confidently navigating virtual meeting platforms and related applications such as Outlook. Competence in these tools is essential to fulfill their duties effectively and engage fully in the digital work environment. Board members must be prepared to commit the required time and energy to serve as a director including a commitment to ongoing professional development while maintaining up-to-date knowledge of industry standards and global trends impacting the financial services industry.

Required & Desired Areas of Expertise

All Board members should have a solid understanding in the areas of expertise outlined in this section, or the ability and time to acquire a reasonable understanding within a specified period following their election to the Board.

The Governance & Human Resources Committee, in collaboration with the Nominations & Election Committee, annually assess current Directors' level of knowledge and skill to not only round out and strengthen our strategic and professional expertise, but also to mitigate the impact of potential future loss of talent.

As such, we have developed a “**Desired Candidate Profile**” and are seeking candidates with expertise in one or more of the following areas - **Information Technology, Investment & Lending, Legal & Regulatory and Finance and Accounting** - as highlighted on pages 12 and 13. Specialized knowledge in these areas is not required to stand for election in 2025. We welcome candidates with expertise in any of the outlined areas, and any eligible member can seek election regardless of their skillset.

Desired Areas of Expertise

Information Technology

Knowledge and understanding of technology in the financial sector and governance of the associated risks and opportunities. Professional experience in cybersecurity is an asset.

Legal & Regulatory

Knowledge and understanding of the regulatory environment and the policies required to meet legal, regulatory and governance requirements. Experience in contract law, regulations, and standards and laws relevant to the financial services industry is an asset.

Finance & Accounting

Knowledge and understanding of financial reports, financial statements and operational plans and budgets. Professional experience or experience on an audit or finance committee is an asset.

Investment & Lending

Knowledge and understanding of sound investment and lending practices. Professional experience in lending and treasury, specifically in the context of a financial institution, is an asset.

Area Knowledge

Knowledge and understanding of the local and regional Kootenay landscape and the communities served by Kootenay Savings.

Audit & Compliance Oversight

Knowledge and understanding of auditing practices, organizational controls and compliance measures. Professional experience or experience on an audit or risk committee is an asset.

Digital Transformation

Knowledge and understanding of the strategic use and integration of digital tools and platforms. Professional experience with the implementation of new business technologies is an asset.

Diversity, Equity & Inclusion

Knowledge and understanding of the value of diversity, equity and inclusion practices to organizational culture, sustainability and success. Professional experience in leading diversity policy development or strategy is an asset.

Environmental & Social Governance

Knowledge and understanding of the connections between good governance, environmental sustainability, and social responsibility. Professional experience in assessing the robustness of a company's governance mechanisms and its ability to effectively manage its environmental and social impact is an asset.

Governance

Knowledgeable and understanding of the critical elements of good governance and ethics, including best practices, policies, structures and processes. Board experience or experience on a governance committee is an asset.

Human Resources

Knowledge and understanding of HR best practices and trends, including CEO performance oversight, succession planning, and compensation structures. Professional experience or experience on an HR committee is an asset.

Industry Knowledge

Knowledge and understanding of the credit union business model, including inherent risks. Professional experience is an asset.

Risk Oversight

Knowledge and understanding of risk frameworks, policies, procedures and controls. Prior professional experience or experience on a credit or risk committee is an asset.

Strategic Planning

Knowledge and understanding of the strategic planning process and strategy formulation. Professional experience in strategic planning is an asset.

Diversity, Equity & Inclusion on the Board

Kootenay Savings Board and Management believes that a more diverse, equitable and inclusive culture is essential to the creation of a high caliber workforce, and a high-functioning Board. By embracing diversity, equity and inclusion, we aim to build a Board with a multitude of ideas, perspectives, experiences, beliefs, and skills from diverse backgrounds and historically underrepresented groups.

Verifying Eligibility

All nomination forms will be examined at the close of nominations to ensure that rule requirements have been met. If you do not meet the criteria, someone will contact you and explain why you are not eligible. If you meet the rule requirements, you will be contacted to attend a candidate interview and information session.

BOARD OF DIRECTORS ELECTION CAMPAIGN GUIDELINES

As per Kootenay Savings *Rule 10.11*, there is no public campaigning permitted by candidates, or their supporters

Campaigning for a seat on the Board of the Credit Union is not the same as running for political office – there are no rallies, attack ads, or lawn signs. It is a process guided by Kootenay Savings to make sure all candidates are known so members can make an informed vote.

The Nominations & Election Committee have developed the following set of principles and guidelines to ensure campaigning is conducted fairly and equally by all candidates.

How Kootenay Savings will assist your campaign:

- Every eligible voting member will receive an election package that includes photographs and biographies of all candidates. The election package will indicate which candidates have been recommended by the Nominations & Election Committee.
- The election package can also be printed available at all Kootenay Savings branches.

- Kootenay Savings website will notify and encourage members to vote in the election and will include information about all candidates.
- Kootenay Savings will publish information about the candidates and the election process via various digital channels, including social media.

Candidates may:

- Speak or engage with members they personally know about why they would be a good Director and how their competencies, skills and experience would enhance the Board.
- Candidates are encouraged to share Kootenay Savings published social media posts.
- Advise they have been recommended by the Nominations & Election Committee, providing this is the case.

Candidates may not:

- Campaign in or on any of the premises of the Credit Union, including ATM location and any subsidiary of the Credit Union.
- Ask Kootenay Savings management or employees to assist with their campaign, including developing materials, writing statements, taking photos, or campaigning on their behalf.
- Publish paid (or otherwise solicited) ads in print, radio, social or digital media.
- Conduct mass telephone, text messaging or email solicitation.
- Solicit endorsements or testimonials.
- Participate in media interviews regarding their candidacy.
- Directly or indirectly claim they will implement specific platforms or policies if elected.
- Make negative, misleading, or defamatory comments about Kootenay Savings, its Board, management, employees, members, or other candidates.
- Use the Kootenay Savings logo or other branding elements in campaign materials.
- Raise funds for the purpose of campaigning.

The Nominations & Election Committee is responsible for conducting the Directors Election in accordance with Kootenay Savings Rules and these guidelines. The Committee may, at its discretion, review campaign materials and any candidate conducting themselves contrary to these guidelines may be disqualified as a candidate by the Nominations & Election Committee.

NOMINATION CHECKLIST

To run as a candidate for the Kootenay Savings Board of Directors, you must:

- Be a Kootenay Savings member in good standing for at least 12 months prior to the closing date of the nominations.

Your submission must include:

- Candidate Application for Nomination, Nomination Form and Nominee's Acceptance (*pages 3, 4 & 5 of the Nomination Forms*)
- Consent to Act as Director (*pages 6 & 7 of the Nomination Forms*)
- Director's Disclosure Statement (*page 8 of the Nomination Forms*)
- Code of Ethics for Directors, Officers & Related Parties (*pages 9 and 10 of the Nomination Forms*)
- Stabilization Central Credit Union Fidelity Bond Application* (*page 11 of the Nomination Forms*)
- BC Financial Services Authority (BCFSA) Personal Information Return* (*page 15 of the Nomination Forms*)
 - **Do NOT submit the form directly to BCFSA.** While we are asking all candidates to complete the form in advance, only the forms for the elected candidate(s) will be submitted to BCFSA by Kootenay Savings after the election.
 - The BCFSA Personal Information Return requests that you submit a "Bankruptcy and Insolvency Records Search Results Report". **We will initiate and provide this report to BCFSA on your behalf. You do not need to take any action.**
- A resume that includes your employment history current to the date on your submission of your Personal Information Return.
 - This resume will not be published in any election materials that members will view. The resume is one of the requirements of the Personal Information Return that will be sent to BCFSA should you be elected to the Board.
- A current photograph, which will be included in the election materials. A head and shoulders pose in high resolution .jpg format (at least 1MB) is required.
- Personal biography, of no more than 300 words, that you wish to share with the membership. The biography will be published in the election materials provided to Kootenay Savings members.
 - Please write your bio in the first person.
 - Share the positive impacts of you becoming a director; how your skills and qualifications would enhance the Board; your reasons for running; your vision for Kootenay Savings' future.
 - Include any relevant personal and family information, Credit Union history, community services, and work experience.

- The submission will be reviewed by the Nominations & Election Committee and may be rejected if found to be in poor taste, defamatory or injurious to the reputation of Kootenay Savings.
- Kootenay Savings reserves the right to condense the biography, if required.

** Incumbents seeking re-election are not required to complete a new Stabilization Central Credit Union Fidelity Bond Application or BCFA Personal Information Return form unless there has been a material change to the information previously submitted.*

After the close of the Call for Nominations, the following documents will be sent to Stabilization Central Credit Union as part of the process to confirm your eligibility to run for election:

1. Stabilization Central Credit Union Fidelity Bond Application
2. Your Credit Report
3. Your RCMP Criminal Record Check

Should you be elected, the following documents will be sent to BCFA:

1. Your Personal Information Return Form
2. Your resume that includes employment history to the date on your Personal Information Return
3. Your Bankruptcy & Insolvency Records Search Results Report
4. Your RCMP Criminal Record Check

Appendix 1: DIRECTORS' & OFFICERS' LIABILITY

Duties of the Board of Directors

Directors, acting as a Board, have the duty to ensure that the credit union is managed in conformance with its Vision, Philosophy, Purpose and Corporate Objectives resolutions, and the law. Acting as fiduciaries, Directors are directly responsible to the corporation, their fellow Directors, members, employees, and the public.

The standard of care required from Directors is that they (1) act honestly and in good faith, and in the best interests of the credit union; and (2) exercise the care, diligence, and skill of a reasonably prudent person under comparable circumstances. Directors are required to be familiar with and observe all laws. Governmental and shareholders' controls on Directors are extensive and it is the duty of Directors to be aware of them.

The Risks

Potential actions against Directors and officers generally arise from:

1. Derivative actions brought by shareholders on behalf of the corporation for damages sustained by reason of acts attributed to the Directors or officers.
2. Actions brought by shareholders for their own damages.
3. Applications for compliance or restraining orders.
4. Actions brought by third parties – government agencies, employees, creditors, customers, etc.

Some examples of shareholders' cause of actions against Directors and officers include poor judgment in the judgment in the conduct of corporate affairs, misleading representations to shareholders and others, improper payments, breach of fiduciary duty, poor or unauthorized investments, loans, etc., acts in bad faith and "ultra vires" acts, failure to obtain competitive bids on significant purchases, conflict of interest, failure to use reasonable care in the selection of third party providers, mismanagement of funds, imprudent acquisition activity, incurring unnecessary tax liabilities or penalties, encouraging trade with a company in which a Director has a significant interest, failure to promptly disclose information relative to significant change affecting the corporation, and improper private disclosure of significant information before public notice.

In addition to suits launched by shareholders, regulators may prosecute under numerous statutes, which can lead to fines and/or imprisonment. Directors must familiarize themselves with all statutes and regulations affecting credit union operations.

Claims

Claims which have occurred in the Canadian credit union system include the following scenarios:

1. A deposit insurer advanced a claim against past Directors of a now defunct organization. The allegation is gross mismanagement by the Board and senior employees. There was no apparent control or direction exercised by the Board.
2. A large fidelity loss resulted in liquidation of the credit union. The trustee has advanced a claim against the Directors for mismanagement, alleging failure to discover the loss. There was no Directors' liability policy in place. It had lapsed when the credit union closed its doors. The claim was made several years after the credit union went out of business.

3. A deposit insurer put Directors on notice alleging that a substantial theft loss would not have occurred had the Board been active in monitoring the manager and management reports.

How to Reduce the Risks

The risks inherent in the position of Director can be reduced in various ways:

1. Attend all meetings of the Board; justify absence in writing.
2. Insist on receiving, well before the meeting, all relevant data which the Directors will be expected to discuss and vote upon and examine it critically.
3. Maintain a personal file of minutes, impressions, supplied documents, etc. Keep notes of personal impressions – do not solely rely on the official minutes. Move to amend minutes if they are not accurate.
4. Obtain written legal and other professional opinions prior to agreeing to any action in an area beyond personal expertise, subject to the expertise of other Directors in whom you have confidence and concurrence of the Chair.
5. Ensure that the official minutes record any personal disclosure made, or any dissension/abstention to motions.
6. React promptly and decisively to any dishonesty or incompetency on the part of officers or employees.
7. Do not acquiesce to or condone any improper self-dealing of fellow Directors and avoid any conflict of interest yourself.
8. Ensure that any actions supported are within corporate powers.
9. Learn what the law requires with respect to both personal duties and with respect to the legal responsibility of the corporation. Become familiar with the charter and bylaws or rules of the credit union.
10. Ensure that there are clear job descriptions and decision-making procedures. Ensure that officers to whom power is delegated are capable of such responsibilities.
11. Keep informed about the activities of the credit union.
12. Become familiar with types of sensitive transactions that carry potential liabilities such as those related to privacy of personal information and anti-money laundering and anti-terrorist financing.

Protection Available

Protection by Indemnification

Under Section 102(1) of the *Financial Institutions Act* in B.C., a Credit Union may indemnify a Director or a former Director against all costs, charges and expenses actually and reasonably incurred by such Director, provided that such Director acted honestly and in good faith with a view to the best interests of the Credit Union.

Protection by Insurance

Kootenay Savings maintains insurance for the benefit of Directors and Officers against personal liability. The Directors' & Officers' Liability Policy (the "Policy") provides insurance coverage designed specifically for credit union Directors. The policy indemnifies a director for the amount that Director is legally obligated to pay due to a "wrongful act", subject, of course, to all the terms, limits, and conditions of the policy. The intent of the policy is to provide coverage when the Director has acted honestly and in good faith with a view to the best interests of the Credit Union.

All policies contain exclusions. The key exclusions in the policies coverage include dishonest or fraudulent acts; criminal proceedings; fines, penalties, and punitive damages; “wrongful acts” which were known prior to applying for insurance; and professional liability.

Insurance has a distinct advantage over indemnification by the credit union as the credit union may be insolvent or may not have sufficient resources to indemnify a director at the time of an action. Also, the laws governing indemnification may be modified to limit or prohibit the expected indemnification. Thus, insurance for Directors’ liability is recommended.

Further Information

Directors are urged to refer to other sources for information on Directors’ duties and responsibilities, such as the Credit Union Director Achievement Program and Central1’s Operations Manual.

Appendix 2: CONFLICTS-OF-INTEREST POLICY STATEMENT FOR DIRECTORS, OFFICERS & RELATED PARTIES

The reputation of Kootenay Savings Credit Union, with its members and in the marketplace, places high expectations upon its integrity. Its reputation is in turn dependent upon the integrity and with its member’s sense of responsibility of its Directors, Officers and Related Parties in whom great trust rests. The way in which that trust is discharged determines the success of Kootenay Savings Credit Union and the place of pride which it enjoys in the community.

The transactions in which Kootenay Savings Credit Union engages are diverse, multi-faceted and increasingly complex. It is not possible to state a set of rules that would codify proper behavior in every situation. Kootenay Savings Credit Union is an organization in which an important contribution is made by volunteers who, in turn, rely upon the technical and professional advice and recommendation of the Directors, Officers, and Related Parties.

To provide assistance and direction, guidelines have been developed which, when looked at in total, define the philosophy and code of conduct Kootenay Savings Credit Union must consistently maintain and which is relevant to all situations. It is imperative that a high standard of ethical, moral, and legal conduct be evidenced in all business practices.

It is anticipated that the Directors, Officers, or Related Parties of Kootenay Savings Credit Union may from time to time pursue personal and private business interests and ventures and participate in other forms of decision-making organizations. In doing so, it is the responsibility of everyone to remove any uncertainty that might develop or exist with respect to that person’s duties to Kootenay Savings Credit Union. Directors, Officers, and Related Parties are encouraged to obtain specific clarification from the President & Chief Executive Officer, who will in turn, as the circumstances require, seek direction and guidance from the Board’s Conduct Review Committee.

Where, in the opinion of the President & Chief Executive Officer or the Conduct Review Committee, a conflict of interest exists or may arise, the Director, Officer, or Related Party when requested to do so by the Conduct Review Committee or the President & Chief Executive Officer, shall so dispose of any ownership, interest or profit participation or become disassociated from the interest, venture, or organization, as may be directed.

This code of conduct shall in no way relieve any Director, Officer, or Related Party from complying with any laws, statutes, regulations, by-laws, rules, or specific instruction of Kootenay Savings Credit Union.

1. Each Director, Officer and Related Party must use utmost care and discretion in the handling of confidential or privileged information, and other information not normally available to the public generally coming to them by reason of the directorship, office or employment and such information shall not be used for personal benefit or for the benefit of family, friends, or associations.
2. Each Director, Officer and Related Party owes primary business loyalty to Kootenay Savings Credit Union and must avoid engaging in any private or personal business interest, which may conflict with the duties and responsibilities owed to Kootenay Savings Credit Union. A Director, Officer or Related Party must avoid any business or other interest outside Kootenay Savings Credit Union which creates:
 - a. A conflict of interest in the form of an obligation, interest, distraction, or participation which would interfere with the independent exercise of judgment and efforts in Kootenay Savings Credit Unions' best interests; and
 - b. Excessive demand upon time and effort of the officer or related party and thereby depriving Kootenay Savings Credit Union of an officer's or related party's best effort on the job.
3. Each Director, Officer and Related Party who participates as an individual or as a member of another organization in any transaction which is of the kind of transaction in which Kootenay Savings Credit Union engages, shall promptly disclose such participation. In the case of a Director, Officer or Related Party, such disclosure shall be made to the President & Chief Executive Officer. In the case of the President & Chief Executive Officer, such disclosure shall be made to the Conduct Review Committee.
4. No Director, Officer or Related Party shall accept a position as a Director or employee of a corporation without prior written disclosure to the Conduct Review Committee.
5. Each Director, Officer, or Related Party who has any direct or indirect ownership, interest or profit participation in outside business enterprises who have or may have dealings with Kootenay Savings Credit Union shall disclose such interest in writing.
6. No Director, Officer, or Related Party shall accept any gift or hospitality of material value offered or tendered by virtue of the Director's, Officer's, or Related Parties position with Kootenay Savings Credit Union. While costly gifts and hospitality are never to be accepted, it should be borne in mind that materiality may be determined not only by costliness, but by circumstances surrounding the giving and acceptance.
7. Each Director and Officer and any other employee at the direction of the President & Chief Executive Officer, shall biannually complete, execute and return a Conflict-of-Interest statement in a form prescribed by the Board of Directors, to the President and Chief Executive Officer. In the case of the President & Chief Executive Officer, the statement shall be returned to the Conduct Review Committee, on a confidential basis.
8. Each Director, Officer and Related Party of Kootenay Savings Credit Union and Kootenay Insurance Services Ltd. must use the utmost care and discretion in the handling of information between these two organizations, to ensure that the confidentiality provisions of the FIA are upheld. The FIA carries penalties which may be levied against Directors, Officers, or Related Parties for violating these restrictions.

So long as each Director, Officer and Related Party of Kootenay Savings Credit Union complies in other respects with the code of ethics and conflict of interest policies adopted by Kootenay Savings Credit Union, such

Director, Officer, or Related Party shall be excused from the requirement to make disclosure pursuant to Item 3 of the Conflict-of-Interest policy statement with respect to the following transactions:

1. The purchase from and disposal (to other than Kootenay Savings Credit Union), of real and personal property held for the benefit and enjoyment of the Director, Officer, or Related Party and his or her family, including personal residences and vacation homes, automobiles and other personal effects and any security taken or held in connection with such disposal.
2. Investment in:
 - a) Deposits with savings institutions.
 - b) Recognized savings plans administered by a trustee, other than the Director, Officer, or Related Party, including Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans, TFSA, and similar plans recognized for investment planning.
 - c) The bonds, debentures, and other evidence of indebtedness of the Government of Canada, any province or municipality or public body or any religious or charitable organization of which the Director, Officer, or Related Party is a bona fide member; and
 - d) The shares and debt obligations of savings institutions and other recognized financial institutions and of corporations which do not have or, to the knowledge of the Director, Officer, or Related Party do not contemplate obtaining credit from or having business dealings with Kootenay Savings Credit Union.

Borrowings from a savings institution where such borrowing is for the personal or business needs of the Director, Officer, or Related Party or a member of his or her family, provided that where the borrowing from a credit union is not secured by a mortgage charge, a hypothecation on real or personal property made in accordance with the regular lending policies of that credit union, this excusal shall not apply.