



**Lakeland Petroleum Services  
Co-operative Ltd.**

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Bonnyville, Alberta  
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**Thank you for your consideration of joining our Board of Directors!**

The following package includes information that should be read carefully, prior to deciding to put your name forward as a candidate for the upcoming election.

You will find a copy of the Roles and Responsibilities of a Board Director, the Legal and Fiduciary Obligations, Code of Conduct and a copy of the Organization Structure.

There are several advantages of becoming a Director including:

- Guide the future direction of Lakeland Coop
- Gain valuable business experience
- Develop leadership skills and opportunities
- Represent the membership with insight and feedback
- Receive compensation for your time and expertise

There are some basic qualifications that must be met to be a Director of Lakeland Coop:

- Must be 18 years of age or older
- Must be a member in good standing for two years prior to the Annual General Meeting
- Must support the Coop and have a minimum annual spend of \$1,500
- Must not be an employee or directly related to an employee of the Coop
- Must be able to commit to meetings and training during the 3 year term on the board

Our board strives for strategic thinking and planning for the benefit of Lakeland Coop and offers online and in person training to enhance your abilities as a Director. There are 12 meetings per year in addition to 2-3 special meetings. You must not miss more than three consecutive meetings. You should be prepared to serve on committees and attend occasional public relations functions. Federated Coop Ltd also hosts a number of meetings throughout the year that requires representation by our Board; these events provide networking opportunities and a broader business perspective.

**Please read through the following documents to gain a good understanding of the responsibilities. If you would like to be nominated as a candidate, have a member in good standing nominate you by filling out the provided form and submit by May 31 to the Administration office or in person to the undersigned.**

You must be able to attend the Annual General Meeting for the election and be prepared to speak to your nomination. Further details will be provided once we receive your completed application.

On behalf of the Board, please contact us for more information:

Amber Hughes  
Nominating Committee Chair  
780.573.9710

John Irwin  
Board Chair  
780.573.4755

Dwayne Schultz  
Board Vice Chair  
780.812.1077

## SECTION C: BOARD OPERATIONS

### ROLE AND RESPONSIBILITIES OF A RETAIL BOARD OF DIRECTORS

The Board of Directors is elected by the membership to lead and guide the co-operative on their behalf. This description of role and responsibilities was developed and validated by over 600 directors in the CRS at the 2013 Fall Conferences.

#### ROLE

To plan and oversee the business of the co-operative in accordance with the applicable legislation, regulations, bylaws and policies so that it meets the needs of its members and effectively moves the co-operative towards achieving the strategic goals and objectives developed jointly by the board and management.

#### CORE RESPONSIBILITIES

##### Provide Strategic Direction and Monitor for Results

- Establish and annually review the co-operative's mission, vision and values to ensure relevance.
- Work with management to develop long-term business strategies that align with the co-op's mission and vision, and with the overall strategic direction of the Co-operative Retailing System in Western Canada
- Monitor progress towards achievement of objectives identified in the long-term business strategies.

##### Ensure Effective Board Operations

- Elect the President/Chair of the board and define the position's duties, responsibilities and authority; establish remuneration (if applicable) and evaluate performance.
- Establish the organization of the board, including appointment of officers and committees, and clearly define the responsibilities and authorities for each.
- Establish and regularly review board policies and codes of conduct for the maintenance of an informed, ethical and effective Board of Directors.
- Engage in ongoing learning and training to develop board and individual Director competencies.
- Establish an appropriate nomination process to attract qualified candidates to the board with the requisite competencies.
- Put in place a process to assess performance of the board.
- Clearly delineate board and management responsibilities in implementing operational and long-term strategic plans.

##### Conduct Monitoring and Oversight

- Review and approve capital and operating budgets.
- Review and approve major plans and programs.
- Review and approve organizational policies.
- Ensure that management has in place a rigorous process for identifying, prioritizing, managing and monitoring its critical risks and that the process is improved continuously as the business environment changes.
- Be aware of the most significant risks affecting the co-operative and ensure that management is responding appropriately to these risks in accordance with the co-operative's philosophy and appetite for risk.
- Analyze and assess the co-operative's financial performance against budget, industry benchmarks and co-operative standards where applicable.

- Ensure that both internal and external audits are carried out and analyze results.
- Oversee the appropriate management of the co-operative's assets.
- Preserve the co-operative structure of the organization.

#### **Ensure Organizational Performance**

- Appoint the General Manager, define the position's duties, responsibilities and authority, establish remuneration, ensure development of an annual performance plan, monitor and evaluate performance and ensure his or her ongoing learning.
- Establish a succession plan for the General Manager.

#### **Foster Effective Communications and Relations**

- Maintain ongoing, open and direct communications with members and bring relevant concerns, perspectives and ideas to the attention of the board.
- Provide for the annual and any special general meetings of members and ensure appropriate and timely reporting on the stewardship of the resources of the co-operative.
- Foster effective relations and co-ordination with other co-operatives serving the area, as appropriate.
- Maintain effective relations with community stakeholders.
- Promote awareness of the co-operative model in the community and encourage the co-operative's participation in community activities.
- Raise members' awareness about the Co-operative Retailing System in Western Canada.

## DIRECTORS' LEGAL AND FIDUCIARY OBLIGATIONS

### Duty of Loyalty and Good Faith

Directors, as fiduciaries, are held to a very high standard of loyalty and good faith in their conduct in relation to the co-operative. This fiduciary duty has been codified by Canadian statutes. The *Acts* in each province impose a duty on every director and officer that they must, in exercising their powers and performing their duties of office:

- act honestly and in good faith with a view to the best interests of the co-operative; and,
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The fiduciary duty is a duty to safeguard and pursue the interests of another person – in this case the other person is the co-operative – as though you were that person, setting aside your personal interests while doing so.

These duties are owed exclusively to the co-operative and not to any one or more of the members of the co-operative, its creditors, employees or other stakeholders or constituencies of the co-operative.

Directors cannot place their own private interests in conflict with their duties owed to the co-operative. A director cannot take personal benefit from his/her position and must disclose any conflict or potential conflict to the board in a timely fashion.

### Best Interests

When considering the best interests of the co-operative, directors are expected to consider the interests of the co-operative's members/shareholders as a collective whole rather than thinking only of the co-operative as an abstract legal entity. This means taking into account the interest of all the members/shareholders and not allowing one sectional interest to prevail over all the others. In general, directors and officers act in the co-operative's best interests when they act in ways that maximize profits and take into consideration the interests of all the members/shareholders.

### Confidentiality

A director may not divulge confidential information received in their capacity as a director, and may not use that information for personal advantage or for the advantage of another entity of which they are a director.

The general principles of director confidentiality are:

- directors have no obligation to share board minutes or the details of board discussions with anyone outside the board, not even members or employees of the co-operative; and,
- directors must not share sensitive information from board minutes or board discussions with anyone outside the board, not even members or employees of the co-operative.

As a part of a director's duty of loyalty, they must keep confidential board minutes and the details of board discussions. Any communications from the board should come from the board and not from individual members. Breach of the duty of confidentiality could result in damages to the co-operative for which a director may be found liable.

### Conflict of Interests

Each director must recognize and deal appropriately with conflicts of interest. This can be challenging for a director who serves on more than one board; each director should regularly review their other commitments and have discussions with their chair to determine if there is a conflict.

A director may not divert opportunities for personal benefit or the benefit of another business if they could be of interest to the co-operative.

### Statutory Duties

There are a number of legal requirements whereby a director may be found personally liable. These include potential liability to the co-operative's employees for unpaid wages and liability to the co-operative where the directors have voted to issue shares in the co-operative to someone for less than fair value or where the directors have voted to redeem shares contrary to the *Act*. Be sure to review the *Act* in your jurisdiction to determine what specific liability is placed on directors. As well, personal liability can be incurred by a director where the co-operative commits an offence under a number of acts including the *Canadian Environmental Protection Act*.

## **Good Management**

Upon appointment as a director:

- become familiar with the co-op's policies and the current structure of management;
- become familiar with the nature and extent of the co-ops articles of incorporation, its bylaws and its organizational objectives; and,
- determine the degree to which indemnification of directors is provided through agreement, bylaws and/or through directors' liability insurance.

On an ongoing basis:

- attend all or at least the vast majority of board meetings;
- prior to meetings, ensure you have received and reviewed all documents and reports on which voting is anticipated;
- review in detail all minutes of meetings and ensure that any clarifications and corrections are brought forward prior to approval;
- review in detail all financial statements and ask questions for clarification;
- obtain written legal opinions for any action to be taken by the board which is outside the directors' expertise;
- obtain written professional opinions from specialists on whose advice the board is expected to act;
- maintain minutes recording any disclosure, dissent or abstention by you or other board members;
- vote against any expenditures if there is a question about the solvency of the co-operative;
- inquire on at least an annual basis as to whether the co-operative is up to date on tax payments, EI and CPP remittances;
- implement controls for the execution of cheques and contracts;
- comply with the duty of confidentiality;
- avoid or disclose any conflict of interest in a timely fashion; and,
- do not leave decision making to other directors; you rely on the other directors and officers at your risk.

## CODE OF CONDUCT FOR DIRECTORS

Directors are elected by the members of a retail co-operative to represent their interests. Laws of the province of incorporation and the bylaws or rules of the co-operative define the manner in which the co-operative will conduct its affairs.

Legally, directors are expected to:

- Comply with all provincial government legislation and regulations, as well as the co-operative's bylaws/rules;
- Understand the co-operative model and principles;
- Effectively represent the interests of the members and report back to them; and,
- Abide by good governance practices.

This Code of Conduct reflects the co-operative's expectations and intentions with respect to the behaviour of its directors. All directors are expected to:

- Demonstrate commitment by purchasing the goods and services provided by the co-operative to the fullest extent possible.
- Make impartial decisions that are in the interests of the co-operative as a whole, rather than for one's private interests.
- Avoid all conflicts of interest, real or perceived, that could damage the co-operative.
- Respect and abide by board decisions on all issues.
- Maintain confidentiality with regard to boardroom discussions and privileged information (including verbal information), documents and reports.
- Recognize and respect lines of authority and responsibility delegated to the General Manager.
- Develop and maintain a relationship of trust and respect between the General Manager and the board.
- Be aware of and understand the co-operative's mission, vision, values and strategic priorities.
- Continue to develop their competencies as directors by participating in learning activities.
- Represent the co-operative and FCL in their community by demonstrating the core values of integrity, excellence and responsibility.
- Support FCL and the CRS by actively participating and supporting the efforts of the federation.

This document reflects the provisions of the Code of Conduct described in the section above. All retail co-operatives are encouraged to have new directors read and sign the Commitment to Office at the Annual Meeting or at the first meeting of directors that immediately follows their election to the board. As a good practice, directors in office should also review and sign the Commitment to Office on an annual basis.

### **COMMITMENT TO OFFICE of Lakeland Co-operative Association Limited**

I recognize that, in taking my place on the Board of Directors of Lakeland Co-operative Association Limited (the "Co-operative"), I have accepted an important stewardship position. I understand the role and responsibilities of the Board of Directors and pledge to carry them out to the best of my abilities. I also understand that Lakeland Co-operative is a member-owner of Federated Co-operatives Limited (FCL) and as such, I will reflect its core values of integrity, excellence and responsibility in the execution of my duties.

1. I will contribute to the fulfillment of the mission, goals and strategic priorities and objectives of the Lakeland Co-operative Association.
2. I will not knowingly violate the provisions of the \_\_\_\_\_ *Act* (the "*Act*") or the bylaws of the Co-operative, and, if a violation of the *Act* or the bylaws becomes known to me, I will disclose it to the Co-operative.
3. I will give the highest priority to the interests of the Co-operative and declare any conflict that exists between my personal interests and those of the Co-operative.
4. I will patronize the business of the Co-operative to the best of my ability.
5. I will support the decisions of the Co-operative Board of Directors and recognize the confidentiality of the discussions that lead to those decisions.
6. I will collaborate with management while respecting the different roles and responsibilities accorded to both board and management.
7. I will facilitate communication among the members of the Co-operative by reporting to the Co-operative's members the decisions of the Board of Directors and communicating the viewpoint of those members to the Board of Directors.
8. I will assist the members of the Co-operative to understand and fulfil their responsibilities as members.
9. I will participate in educational opportunities to enhance my contribution as a member of the Board of Directors and as a co-operative leader.
10. In keeping with a director's legal obligations, I will exercise honesty, loyalty, care, diligence, skill and prudence in carrying out my duties as a board Member.
11. I will participate and support FCL and the CRS in promoting a united federation.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Director

## ORGANIZATION STRUCTURE

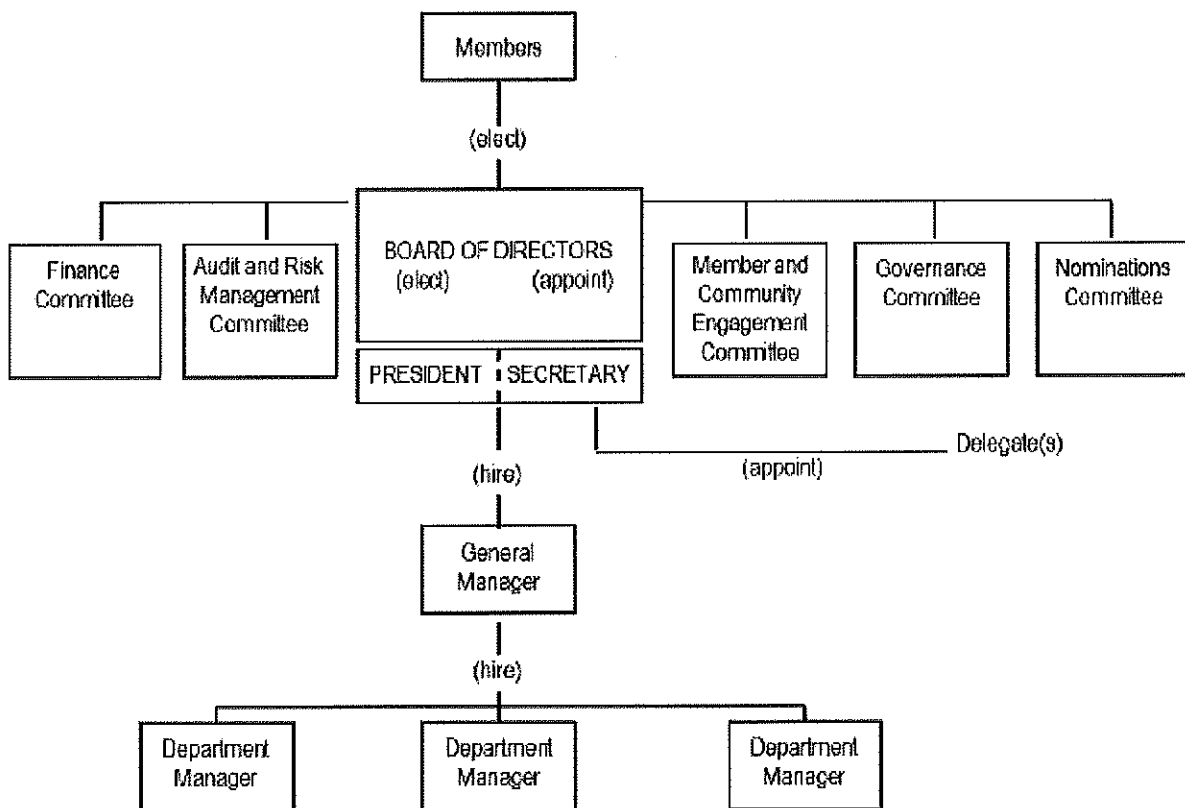
Each co-operative should be structured in a manner that is consistent with the framework of the *Act* and its own bylaws/rules. Establishing the structure helps to clarify and define accountabilities, roles and responsibilities, reporting relationships, and the authorities of each of the key stakeholders.

Tools that can help the board to both establish and communicate the structure are:

- the organization chart;
- position descriptions for each role on the board and for each committee

A co-operative structure should reference the members, the Board of Directors that has been elected by the members, the three most common Officer positions of President/Chair, Vice-Chair and Secretary, the FCL delegate(s), board committees and the General Manager, to whom much of the day-to-day responsibilities are delegated.

Here is an example of an organization chart for a retail co-operative. It is the responsibility of the board to not only determine the structure but to also keep it updated to reflect any changes.





Lakeland Co-op is now accepting Nominations for (3) Board of Director positions. Any members wishing to get elected to the Board must submit their name to the Nominating Committee by May 31<sup>st</sup>, 2019.

*Nominations for a Board of Director*

I here-by nominate for Director of Lakeland Petroleum Services Co-op Ltd.:

Name: \_\_\_\_\_

Member #: \_\_\_\_\_

Address: \_\_\_\_\_

Signature of Candidate: \_\_\_\_\_

The above Nominee is a member in good standing and has agreed to serve (3) years if elected

*Nominated By*

Name: \_\_\_\_\_

Co-op #: \_\_\_\_\_

Signature of Nominee: \_\_\_\_\_

Mail to or hand to the Nominating Committee in care of  
John Irwin, Dwayne Schultz, and Amber Hughes  
Nominations may be left at the Lakeland Co-op Administration Office before May 31

6020 54<sup>th</sup> Avenue Bonnyville, AB T9N 2M8  
780-826-3349 [www.lakelandco-op.crs](http://www.lakelandco-op.crs)

