



Serving Your Community

as a Kindred Board Member



**BANKING
WITH
PURPOSE**

Dear Prospective Board Member:

When I was first approached about serving on the Board of Directors (Board) of Kindred Credit Union (Kindred), I remember feeling honoured to be considered. To think that others felt I had skills and experiences that could be helpful for an organization I viewed as progressive and leading edge, felt good. I saw it as an opportunity not only to contribute, but also to learn and grow, and it has more than met those expectations for me. Working alongside many dedicated and highly capable individuals provides regular inspiration and ideas on how to connect values and faith with finances. It has taught me more about the cooperative way of doing business and how our credit union can resonate broadly in our local communities.

So how about you? You are receiving this document because Kindred's Council of Members thinks you have the potential to make an impact serving as a Director at Kindred. Is this the right opportunity for you? Are you interested in exploring how connecting values and faith with finances can inspire peaceful, just, and prosperous communities? Do you want to work with a credit union rooted in Anabaptist faith, to help them make a positive impact in our members' lives, and to support growth and development in your community?

I encourage you to review this document and learn more about how unique Kindred is as a financial institution, and discover how you could make a real impact at the highest level! Kindred has an expanding and diverse membership with many different needs. The make-up of the Kindred Board is equally diverse and it's an ongoing priority to ensure that the Board represents the many voices of our members. We seek representation which reflects gender equality and diversity in age, geography, profession, and perspectives. We're committed to appropriately compensating and educating new and existing Board members to ensure they have the required skills to effectively govern the business of Kindred.

Once you have had a chance to read through this document, please consider giving me a call. Alternatively, you can get in touch with Leroy Shantz, Board Vice-Chair, at 519.886.3887 or leroy.shantz@kindredcu.com. We'd love to have a conversation with you about our governance team here at Kindred.

Cooperatively yours,



Susan Taves
Board Chair
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OUR PURPOSE

Cooperative banking that connects values and faith with finances, inspiring peaceful, just, and prosperous communities.

Most people have a lot of questions when considering whether to accept a nomination to serve on the Board at Kindred Credit Union. After all, there are a host of considerations to take into account regarding duties, obligations, and opportunities to make a difference. To help you in your decision, we've spoken with former Board Members (Directors) about important ways in which they've been able to make positive contributions. We hope that reading the following accounts will move you beyond questions about detailed lists of competencies and requirements and enable you to have a glimpse inside the heart and experience of those who have served before you.

MAKING AN IMPACT AT KINDRED

Potential Directors often have unspoken questions about the value they bring to the task. And let's face it, there's no shortage of important things calling out for people's time. We all want to serve others in the pursuit of important goals, while also being good stewards of our time and energy.

Not to worry. According to former Directors, those considering serving can rest assured that their investment in serving Kindred will deliver important dividends for members while also being personally enriching.

Here are three things, with direct quotes from current or former Directors, for you to know in considering serving on the Board.

Members Will Benefit

As a Director, you play an important role in linking the hopes, dreams, and aspirations of members to the vision, direction, and services of the credit union. Like a barometer that charts changing weather patterns, Directors are keenly aware of any shifts of emphasis among the membership. As a result, Directors provide a unique form of leadership that allows Senior Leadership to plan and deliver services that precisely fit both needs and opportunities.

"Our Senior Leadership relies on knowledgeable people with a variety of life and professional experiences to be a sounding Board and a monitoring group to partner in decision making. Whether it is changes in how profit distributions are handled, or strategies for capital management, the larger group allows for a testing of possible member acceptance of anticipated actions or the general wisdom of moving in certain directions."

The Board Will Benefit

Each Director brings their own unique blend of skills and experience to the table. And that's a good thing. A diversity of perspectives, skills, and life experience makes for a stronger Board, which makes for a stronger credit union.

"There is no one type of profile or skill set that is ideal. The variety of gifts and interests, the varied backgrounds and different life experiences of the persons around this Board table, results in balanced decision making. Different perspectives are welcome and required. You are being asked to serve because you have a particular skill or experience that Kindred can use on behalf of the membership. These traits are not being sought after frivolously. They are required to round out the total leadership experience of the Board."

You Will Benefit

Although people serve because they believe in the cause, former Directors all testify to the personal enrichment they have experienced through serving on the Kindred Board. While there's much to learn, those who serve are presented with a unique opportunity for personal growth while also receiving financial compensation.

"Potential Directors need to be aware that volunteering for the Kindred Board will give back to them as much as they give the organization. You will grow personally from new experiences and gain a much broader understanding of how the membership finances flow through the institution and into the local economy and community. The opportunity for learning and connecting with great people is one you shouldn't pass up!"

MAKING AN IMPACT ON MEMBERS

Potential Directors are often concerned that their contributions will get lost in the shuffle of dollars, cents, and good governance. Yet they are also often surprised and delighted to learn about the difference they can make in balancing the bottom line of the credit union with service that matters to members and contributes to building community.

Here's just one example of the difference leadership can make. In late 2008, the Bank of Canada's prime rate fell to an historic low of 2.25%, resulting in a spiraling loss in revenue for financial institutions. Different institutions responded to this challenge in various ways. Some of the major banks reacted to the loss by selectively raising interest rates on lines of credit and certain types of loans. At the same time, some credit unions set their own "prime rate" at 3%.

The Board at Kindred chose a different path. Taking the challenge to heart, Directors deliberated long and hard, ultimately deciding that the credit union should be willing to accept less on its bottom line for the sake of its members. As a result, Kindred staff were able to introduce only moderate interest rate increases on all personal lines of credit and commercial loans. Finally, the Board insisted upon

full transparency to the membership on the decision to ensure our members understood how our values guide us.

A Director recalls the deliberation and decision, "At the Board meeting, we spent a good deal of time discussing the best way to balance the impact to our members with the impact to the credit union's bottom line. I believe we developed a compromise that blended the needs of the business with compassion. These are the times when I feel Directors can really make a difference to each member."

This example demonstrates the impact Directors can have. In fact, situations arise regularly that call for wise and steady judgment mixed with a call to purpose and values. And that's why people nominate other people they trust to take on this important leadership role.

Keep in mind that serving on Kindred's Board is a great opportunity. You've been asked to serve because people believe you have what it takes to tackle and leverage the opportunities of the day so that progress can be made on our shared purpose and values.

MAKING AN IMPACT ON COMMUNITY

Governance professionals repeatedly instruct Board Directors that their two key roles are to direct and protect an organization. However, if you sign on as a Director at Kindred, also count on being asked to lead in ways that help grow and enhance the broader community!

For example, in late 2011, Kindred's Board of Directors announced significant financial contributions to both Conrad Grebel University College (Grebel) and Mennonite Central Committee Ontario (MCCO). A \$1 million dollar commitment to Grebel helped to create the Kindred Credit Union Centre for Peace Advancement, an accelerator centre committed to collaborative peace innovation. MCCO benefitted from a \$500,000 contribution towards their "Building For the Future" campaign, the capital campaign to rebuild 50 Kent.

"The gifts to Grebel and MCCO stand out for me as very creative examples of how, together, we are able to make decisions that enlarge and enable our

community," recalls a former Director. "These were major opportunities and are a very concrete way that Kindred distinguishes itself from other financial institutions. It says a lot about our values and their rootedness in a faith community."

The opportunity to make these significant gifts came from a leadership decision by Kindred's Board regarding how to allocate the proceeds from a merger that saw Kindred's Meritas SRI Funds being offered Canada-wide by Qtrade Financial Group, a Vancouver-based wealth management company. Demonstrating a strong commitment to building the larger community, and keeping values at the core, Kindred Directors and Senior Leadership decided to tithe some of the proceeds to the Kindred Charitable Fund for future opportunities.

Providing this kind of leadership has been called a "once in a lifetime" opportunity. The reality is that we can never tell when some great option might land in our laps. That's why vision and "possibility thinking"

Impact on Community continued...

are such important characteristics for effective Board membership. If you've been asked to consider serving on Kindred's Board, it's because others sense that you possess those qualities.

"It was flattering to think that people considered me someone who could make a positive contribution," says a former Director. "It's great to have a voice, and a privilege to represent the voices of others, as we work together to build a strong community."

LIVING OUT MUTUAL AID

Mutual aid is woven into the very fabric of Kindred. In addition to being a value shared by our members, it permeates our purpose, strategies, and services of our organization. And Directors are keenly aware how loudly that distinctive speaks in today's crowded world of financial institutions.

"Our biggest difference as a financial institution is our mutual aid stance," says a former Director. "We have a culture that acknowledges our humanity and permits us to respond to people in difficult circumstances. Extra effort is being made to help real people with real struggles."

Directors have kept a steady perspective on mutual aid over the life of Kindred. In fact, persistent leadership has allowed the organization to create unique products and services which embody mutual aid principles.

"Kindred provides products, programs, and services that enable our members to manage their money in ways consistent with their values," notes a Director. "It's a place where we can discern how to make good decisions that are a blessing to both our families and communities."

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The role of the Board is particularly important when it comes to keeping our values front and centre. Through a strong connection to the membership, those asked to serve are always bringing the perspectives of members to the table. And that makes a difference – it encourages Kindred to live out mutual aid in ways that are meaningful to individual members and our shared faith community.

"Seriously, I think there would be some individuals who would be cut off from financial services without the leadership and presence of Kindred," says a Director. "As a community, the credit union allows us to translate our desire to be good stewards into a discipleship of meaningful action."

If you're considering serving on the Kindred Board, keep in mind that your leadership will build upon this long tradition of mutual aid. It's a place where steady stewardship is required, along with an open eye to great new opportunities which could increase the credit union's impact on people and our community.

RECOGNIZING YOUR CONTRIBUTION

In 2014, the Board of Directors made a decision to introduce financial compensation to Directors. This was a significant shift for Kindred. When the Board first began considering Board compensation, many factors were considered both for and against. They grappled with leaving behind the tradition of voluntary service and wondered how that might change the spirit of those serving on the Board. On the other hand, they wondered if members were being prevented from serving

because the demands were too great without financial compensation.

During 2013, the Board worked diligently and thoughtfully to put in place a policy that encourages attraction and retention of qualified Directors. As of December 2018, there were approximately 70 credit unions in Ontario. Since our organization began in 1964, we've matured to about 12th in asset size. Compensation recognizes the accountability,

Contribution continued...

commitment, and risks (legal and fiduciary), plus overall responsibility of a Director. With the new policy, Kindred Director remuneration is set at the median of the market, in accordance with the size

of our credit union and with the Central 1 Board Governance and Director Remuneration survey. Kindred Director compensation consists of an annual honorarium plus a per-meeting fee.

AND FINALLY...

We encourage you to keep the real-life perspectives shared in this document in mind as you read through this document that outlines important duties and responsibilities. These stories get to the heart of what it means to serve as a Board Director at Kindred. In the end, it's all about the role you can play in bringing Kindred's core values of integrity, compassion, and stewardship to the task at hand.

DIRECTOR CORE COMPETENCIES

Kindred is regulated by the Financial Services Regulatory Authority of Ontario (FSRA). Below are the key knowledge and understanding requirements that FSRA expects in credit union Board Directors across the sector. Kindred offers support and training to ensure that you develop these over your tenure as a Director.

Competency	To achieve this competency, Director should demonstrate an appropriate level of knowledge and understanding of...
Audit and Compliance	monitoring and auditing processes required to ensure compliance with the credit union's policies, standards of sound business practices and regulatory requirements.
Board and CEO Performance	the tools and methodologies for assessing the Board's performance and also for monitoring the performance and development of the CEO to determine strengths, deficiencies and areas for improvement.
Credit Union Operations	how the credit union's infrastructures inter-relate and how they enable the effective and efficient delivery of services while managing risk and regulatory requirements.
Financial Literacy	interpreting financial reports and statements, and monitoring corrective action to ensure financial goals and regulatory requirements are met.
Governance and Ethics	the critical elements of good governance and ethics.
Leadership	the attributes of leadership to motivate, influence and support others to accomplish organizational goals and encouraging on-going education to further develop competencies.
Regulatory Environment	the regulatory environment, policy development and the policies required to meet legal, regulatory and governance requirements.
Risk Management Oversight	the risk management framework for identifying, measuring and managing significant risks and events that may impact the credit union's objectives.
Strategic Planning	the strategic planning process and contribute to the development of the strategic direction, core values and the strategic goals and objectives for the credit union.

Directors Bring Diverse Perspective to the Board

If you've just read the previous section on Director qualifications expected by FSRA, you might be wondering whether you are the right person for this role. At Kindred we very much value the diverse perspectives that people bring with them from their personal and professional lives, and we work together with them to develop the skills they need to offer good governance and leadership on behalf of Kindred's membership. Below are examples of the areas of expertise that our current and past Directors have brought to their governance role at Kindred:

Accounting	Farming	Marketing and Design
Business Consulting	Health Sciences	Social Services
Business Ownership	Higher Education	Software
Civil Engineering	Insurance	Spiritual Care
Customer Service	Law	
Economics / Research	Manufacturing	

DIRECTOR'S DUTIES 101: THE REQUIREMENT TO DIRECT AND PROTECT

The role of a Director is relatively simple to describe – Directors are called upon to direct and protect the organization. Behind that simple understanding are a host of important considerations that need to be well understood in order to tackle the task confidently and competently.

Kindred has established policies to help Directors direct and protect the organization. These policies cover a wide number of areas regarding good governance, including: the role and authority of Board and committee members; strategic directions; approving business plans; evaluating results; establishing and monitoring risk management; ensuring qualified and competent management is in place; and providing standards for ethical business conduct and behaviour. Below is a brief summary of some of the more detailed information guiding the role of Directors.

Regulatory Duties

- Directors are required to exercise the care, diligence, and skill that a reasonably prudent person would exercise in a comparable situation. And they're to do it in good faith and in the best interests of the credit union.
- Directors need to appoint Board officers, use strict confidence, disclose conflict of interests, and review and address committee recommendations.

Purpose and Strategic Direction

- A core responsibility at the credit union is to direct its affairs in a manner consistent with our shared values and Anabaptist faith convictions. An additional challenge is to do it in a way that balances these convictions with the cultural and economic settings in which the credit union serves.
- In addition, Directors consider and help shape Kindred's vision. This includes ensuring policies, business plans, and risk measurements are in place so that management can execute the strategy to meet the needs of the organization.

Relationship to Management

- The day-to-day management of the credit union is delegated by Directors to management. This includes the development and implementation of Board-approved business plans and policies, communication of Board policies and plans to staff, hiring and training of competent staff, plus assessing, reporting, and managing risk.
- Directors may not delegate certain responsibilities. These include a number of items related to appointing, removing and filling the roles of officers, Directors, and committee members. In addition, other non-delegated duties include matters related to our general bylaw, securities, commissions, financial statements, assets, dividends, and member expulsions.

Board Committees

- Each Director serves on one of three Board committees: Governance / Executive; Audit and Risk; or Finance.

Commitment

- Governance at Kindred underwent an audit and review in 2019. As a result, we will be moving away from monthly meetings (the Board does not meet in July and August).
 - Starting in 2020, Directors can expect seven or eight working meetings. There will be three meetings of a longer duration commencing mid-afternoon (2 p.m.) and concluding at 8 p.m. The balance will be an evening session commencing with a shared meal at 5 p.m. until conclusion, typically no later than 9 p.m.
 - Once a year there is an all day Saturday meeting of all Directors and Senior Leadership to focus on learning and strategy.
- Work of the three Board sub-committees is listed below.
 - ▶ Governance / Executive committee plans for the Board agenda, overseeing CEO performance, plus overall governance at Kindred
 - ▶ Audit and Risk committee meets four times a year to plan for and hear the results of various audit related activities – including the supervision of the internal auditor
 - ▶ Finance committee meets four times a year to review financial matters especially the annual financial plan and policy matters related to managing financial risks
 - Financial institutions in Canada are highly regulated. The Board as a group will undertake facilitated learning as well as individual study and have the opportunity to attend seminars.

So...if you've made it this far, thanks for reading! Please don't hesitate to connect with Susan Taves, Board Chair or Leroy Shantz, Board Vice-Chair for more information.



Cooperative banking that connects values and faith with finances, inspiring peaceful, just, and prosperous communities.

24hr ATMs are available at each of our branch locations.

Aylmer 519.773.9559 | 877.773.6728

Elmira 519.669.1529 | 800.265.1994

Kitchener 519.576.7220 | 800.565.6801

Leamington 519.326.8601 | 888.285.5501

Milverton 519.595.8796 | 800.952.2217

Mount Forest 519.509.6728 | 888.509.6728

New Hamburg 519.662.3550 | 800.567.4047

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