Serving Your Community

as a Kindred Board Member

KINDRED Credit Union

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 honored 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 the chance to read through this document, please consider reaching out to me or our Corporate Secretary, Tithi Thakkar at corporate.secretary@kindredcu.com who will guide you through next steps. We'd love to have a conversation with you about our governance team here at Kindred.

Cooperatively yours,

Henry Paetkau
Board Chair

James Schenk
Chair, Governance Committee

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.

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 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 serving on 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.

Membership Eligibility

Here's just one example of the difference leadership can make: Recognizing the need to more clearly communicate who we are as a faith-inspired, values-centred organization, Kindred's Board initiated a working group of board members, community members, and Kindred employees to explore how to best articulate what it means to be a member of Kindred. Their deeply thoughtful and member-focused process resulted in a clearer articulation of who we are together as Kindred, which was unanimously supported by the full Board. The Board also saw the opportunity for this description to shape a refreshed membership definition that reflected both our shared purpose and current practices in a way that is clear, inclusive, and aligned with our Anabaptist roots and to formalize it in our by-laws.

Understanding the importance of the membership definition to the credit union and to many of our members, the Board engaged in a proactive communication plan that invited dialogue with members and respectfully educated about and advocated for the change.

At the Annual General Meeting, Kindred members approved the special resolution to adopt the simplified, factual, plain language definition of membership. The Board's leadership and engagement in this work was an affirmation of its commitment to clarity, good governance, and our cooperative roots; and the resulting changes help ensure that our credit union remains responsive and relevant to evolving needs while continuing to grow in a way that continues to reflect our values

Equity, Diversity, and Inclusion Journey

Recognizing that financial systems can either perpetuate inequities or help address gaps and barriers, Kindred embarked on a learning journey around Equity, Diversity, and Inclusion (EDI). The Board supported Kindred management in exploring how the Credit Union should approach EDI in way that was authentically aligned with our values, heritage, and shared aspiration to advance economic justice. After intentional reflection and discussion, the Board affirmed that as a financial institution, we are particularly concerned with ensuring those who are most economically vulnerable and underbanked feel welcome and included. The Board continues to provide oversight of Kindred's impact on the underbanked, encouraging and challenging management to embed ongoing learning and find innovative ways to actively serve them.

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, affecting change and driving positive impact rooted in Kindred's purpose and our shared 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!

We believe in the commitment to community, leading to beneficial action; we ask, "What is the best way to live our values and put them out in the world?" The cooperative principles guide us in staying accountable to our members and communities, providing a framework for mutual aid and collective impact. These principles shape everything we do: from fostering open and voluntary membership, practicing democratic member control, and encouraging member economic participation, to maintaining autonomy and independence, prioritizing education and collaboration among cooperatives, and living out our concern for community.

Kindred is committed to distributing a minimum 6% of our core earnings each year to charitable activities and initiatives that align with our shared purpose and values. These funds are distributed through various channels, including Kindred Charitable Fund grants, funding to not-for-profit organizations, community partnerships, and other forms of support that help inspire peaceful, just, and prosperous communities. The Kindred Charitable Fund is a core component of our annual giving and the granting committee of the Fund, made up of board members, Kindred employees, and community partners, helps guide the distribution of the fund to ensure it aligns with Kindred's social impact themes.

"Mutual aid drives how we spend our time, how we spend our money, who we loan our money to, and how we save it," says a current Board member.

Previous monetary support – such as a $1 million dollar commitment to Conrad Grebel University College (Grebel) to create the Kindred Credit Union Centre for Peace Advancement, an accelerator centre committed to collaborative peace innovation – 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," recalls a former Director.

Community partners are also invited to speak at our annual general meeting and Kindred Charitable Fund Symposium. There, they showcase how the work being done in their local communities makes a difference so that members can hear directly about how organizations and individuals benefit from our community engagement and support or how our products and services make positive, impactful change.

"From pioneering socially responsible investment products in Canada to supporting affordable housing, innovation at Kindred has always been rooted in service and impact," says Kindred's current CEO, who was drawn to Kindred because of his desire to align his experience in financial services with the desire to make a meaningful impact. "It's this values-driven approach that sets us apart and allows us to create solutions that truly matter to our members and communities."

Our members' trust is something that we do not take lightly and we're committed to earn, and improve upon, every day. When our members are successful, Kindred is successful. When Kindred thrives, we're in a better place to help others thrive by giving back to our members and partner organizations that are helping those in our communities. Each year Kindred allocates a significant portion of its annual earnings to return to members through its Profit Shares program.

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" 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."

"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."

Recognizing Your Contribution

Strong boards lead to strong results, and that's why we're looking for dedicated, highly capable individuals to help guide our success and impact.

While we have a strong tradition of voluntary service amongst our members, being a Director goes beyond typical community involvement—it's a meaningful commitment of time and expertise. In recognition of this, and the critical regulatory and legislative responsibilities that come with serving on our Board of Directors, we choose to compensate our Directors.

Our compensation helps ensure the Credit Union can attract and retain Directors who share our faith-inspired values, bring strong community connections, possess essential business skills, and offer diverse knowledge and expertise to help establish and achieve our strategic goals.

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 are expected in credit union Board Directors. Kindred offers support and training to ensure that you develop these over your tenure as a Director.

Competency	To achieve this competency, Directors 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

Below are examples of the areas of expertise that our current and past Directors have brought to their governance role at Kindred:

Finance and Accounting
Agriculture
Banking and Insurance
Business Operations and Strategy
Community and Social Services
Customer Experience
Economics / Research / Policy
Information Technology
Legal
Marketing and Communications
Spiritual Care

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.

Fiduciary Duties

- Directors are expected to act in good faith and in the best interests of the Credit Union, with care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. They must also maintain confidentiality and disclose any conflicts of interest.

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 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.

Director's Duties 101: continued

Commitment

- Directors can expect seven or eight Board meetings. There will be four 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.
- Each Director serves on one or two of four Board committees: Governance; Audit and Risk; Finance and Loan; or Technology and Innovation
- Work of the four Board sub-committees is listed below.
  - Governance Committee meets eight times a year and is responsible to oversee Director recruitment, nominations, Director trainings and competency requirements, 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 five times a year to review financial matters especially the annual financial plan, credit matters, and policy matters related to managing financial risks.
  - Technology and Innovation meets four times a year to review and monitor Technology and Innovation Strategy including technology investment guidelines.
- 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 and industry related conferences.

So…if you've made it this far, thanks for reading! Please don't hesitate to connect with Tithi Thakkar, Corporate Secretary for more information at corporate.secretary@kindredcu.com.

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