



# CHILLIWACK CHAMBER OF COMMERCE

## Chilliwack Chamber of Commerce Role and Responsibilities of a Director

### Introduction

Directors play a vital and important role in ensuring the success and effectiveness of the organizations on whose boards they have volunteered to serve. In a world where there are greater calls for accountability from a variety of stakeholders and an increase in the complexity of organizations, the responsibilities of Directors of non-profit organizations (NPOs) can be substantial. These responsibilities can be divided into two categories: (a) Contribution to Board Effectiveness, and (b) Legal and Regulatory responsibilities.

### *a. Contribution to Board Effectiveness*

Organizations gain the most from a board when its Directors are committed to working together in the best interests of the organization and when there is a serious commitment to effective participation. The following are some principles and general guidelines for maximizing the contribution you make to board effectiveness.

It is the responsibility of each Director to:

- Participate actively in the business of the Board and to make a positive contribution to providing visionary leadership and direction to the organization, all the while, ensuring that it fulfills its obligations to its stakeholders as well as its legal and regulatory requirements.
- Oversee the management of the affairs and business of the Organization.
- Act honestly, in good faith and in the best interests of those who the organization is there to serve.
- Exercise the care, diligence and skill of a reasonably prudent person under comparable circumstances.
- Ensure compliance with relevant acts, regulations, articles, by-laws and Board policies.
- Stay informed on matters relevant to governing the organization.
- Participate actively and constructively in the discussions of the Board.
- Follow the guidelines or rules agreed on by the Board regarding how it will govern and conduct itself.
- Not represent the interests of special groups or individuals over the interests of the Organization.
- Not speak or act as an Individual on behalf of the Board unless authorized to do so.
- Come to meetings having read the relevant material in your Board package and be prepared to discuss what is on the agenda.
- Not become involved in the Management and Operations of the Organization other than through Board Policy or direction. Concerns are brought to the Chair and requested to be put on the Board Agenda and, if there is enough interest among board members, convene a meeting to discuss the matter.
- Make a concerted effort to attend all Board Meetings and to notify the Chair of your inability to attend any Board Meeting. If it is apparent that you are likely to miss several Board Meetings and therefore are unable to

fulfill your obligations, you should seriously consider whether it is prudent for you to remain as a Director on the Board.

- Inform yourself of the proceedings, decisions, and proposed actions decided upon at missed Board meetings within a week of the meeting. By doing this, you can immediately register your dissent (if you have one) with the Secretary of the Board regarding any decisions or actions taken at the meeting you missed.
- Express any contrary opinions or views you hold on matters under discussion or consideration by the Board. However, once the Board has made a decision or taken an action on the matter, it is not constructive or helpful to the Board if you inappropriately continue to attempt to raise or discuss the matter at other times during the meeting or to continue to bring it up at every meeting.

### ***b. Legal and Regulatory Responsibilities***

In today's legal environment, Directors need to know their legal rights and duties, as well as to protect themselves from exposure to legal liabilities. In common law, the level of skill expected of a Director is "what may reasonably be expected of a person of his knowledge and experience". The duties of Directors for a non-profit organization can be found in the Society Act, R.S.B.C. 1996, c.433, which states:

25. (1) A Director of a society must act honestly and in good faith and in the best interests of the society, and

25. (2) exercise the care, diligence and skill of a reasonably prudent person, in exercising the powers and performing the functions as a Director.

Case law has emphasized that Directors, as fiduciaries, owe a duty of utmost good faith to their society. Directors are obliged to account for the funds received by the society, as well as to safeguard the society's properties.

While there are numerous federal and provincial statutes that impose duties on Directors and Officers of both for profit corporations and NPOs, they can be categorized into three general groups:

Employees and the workplace – the Employment Standards Act

Taxation – the Income Tax Act

Environment – the Canadian Environmental Protection Act or Waste Management Act