



Speikúmtn Community Forest

Board Governance Policy

Approved by: Speikúmtn Community Forest Interim Board of Directors
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Background and Purpose

The Spełkúmtn Community Forest Corporation (SCF) has a governance model where the two Shareholders, Lil'wat Nation and Village of Pemberton, have established a board of directors to provide the oversight, direction, and control needed for the SCF operations.

The Spełkúmtn Community Forest Corporation has been established as a General Partner to manage the business and affairs of the Spełkúmtn Community Forest Limited Partnership in accordance with the general services contract, the management agreement, once established, and the mission, purposes, and values outlined in the management plan.

The SCF holds the Spełkúmtn Community Forest Agreement (CFA) on behalf of the partners.

This policy is intended to provide guidance and to set out the conditions, constraints, and limitations within which the Board and management are to operate in carrying out their roles.

Board Governance

Governance Philosophy

Governance of a community forest organization is the job of its board of directors. The board holds the ultimate legal and ethical responsibility for all activities of the organization and leads by governing in the organization's best interests and in a manner that reflects the principles of integrity, open communication, teamwork, and adherence to the code of conduct. It is the board as a whole, and not individual directors, staff, or volunteers, that sets direction and policy.

The primary responsibility of the Board of Directors of Spełkúmtn Community Forest (the "Board") is to foster the long-term success of the Spełkúmtn Community Forest. The Board will operate by delegating to the Forest Manager some of its authority, including spending authorizations, and by reserving certain powers to itself. The Forest Manager will play an influential role in shaping objectives and guiding policy.

The Board is responsible for overseeing the conduct of the business of the SCF and for guiding and directing management; in the absence of the Forest Manager, the forest contractor and the executive director are jointly responsible for the day-to-day conduct of business. In acting on its responsibilities, the Board considers the legitimate interests that others such as shareholders, the community, contractors, and business organizations have in the SCF. In supervising the conduct of the business, the Board sets the guiding principles for the SCF and selects strategies that will serve to protect and advance the interests of the SCF.

Powers and Functions of the Board of Directors

Directors of the SCF must, subject to the *Business Corporations Act*, the Limited Partnership Agreement, and the corporate articles, policies, and regulations of the SCF, manage or supervise the management of the business and affairs of the SCF. The Board may exercise active control over the business, operations, and internal affairs of the SCF, and may exercise financial control and management of the funds of the SCF including the method of raising such funds.

Board Areas of Responsibility

General Legal Obligations of the Board of Directors

Directors of the Board have specific statutory duties and obligations under business, employment, environmental, and financial reporting law, and under the withholding provisions of taxation law. Directors have a legal duty to the SCF to carry out the duties of their office honestly and in good faith; in the best interests of the SCF; and, with the care, diligence, and skill of a reasonably prudent person.

Strategy Determination

The Board has the responsibility to:

1. Review, with the Forest Manager, the mission of the SCF, its objectives and goals, and the strategies by which it proposes to reach those goals; and,
2. Review progress in achieving the goals established in the strategic plans.

Policies and Procedures

The Board has the responsibility to:

1. Develop, approve, and monitor compliance with all major policies that govern the SCF's operations; and
2. Direct management to implement systems designed to ensure that the SCF operates within applicable laws and regulations, and to the highest ethical and moral standards.

Selection of Management

The Board has the responsibility to:

1. Appoint and replace the Forest Manager, forest contractor, and executive director; monitor and regularly evaluate their performance; approve compensation; and provide advice and counsel in the execution of their duties; and
2. Ensure that plans are made for management development and succession.

Monitoring and Acting

The Board has the responsibility to:

1. Monitor the SCF's progress towards its goals, and to revise and alter its direction with changing circumstances, ensuring that the annual budget incorporates the long-term financial model and the related long term capital plan, should there be one.
2. Control and manage information systems.
3. Approve the budget and any expenditures that deviate materially from the approved budget.
4. Identify the principal risks to the SCF's business and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks.
5. Direct management to ensure that systems are in place and implemented for maintaining the integrity of the SCF's internal financial control and management information systems.

Reporting and Communications

The Board has the responsibility to:

1. Ensure that the financial status and results are reported fairly and in accordance with generally accepted accounting principles.
2. Ensure timely reporting of any developments that have a significant and material effect on the performance of the SCF as required under the Limited Partnership Agreement and the SCF's legal governing documents.
3. Report annually to its shareholders and the community on the Board's stewardship for the preceding year.

4. Ensure that the SCF has appropriate policies in place to enable the SCF to communicate meaningfully and effectively with its shareholders and the community.

Terms of Reference

This section describes in more detail the Board's responsibilities, its authority, and the authority it delegates to management. These statements are an essential component of the governance framework as they clarify the tasks that are the responsibility of the Board.

Guidance and Direction

1. Guide and direct the affairs of the SCF in the best interests of the organization and in a manner that is consistent with the organizational foundation statements and the standards of organizational conduct set out in this section.

The SCF foundational statements set out in the management plan are as follows:

Mission Statement

Spelkúmtn Community Forest Limited Partnership will operate a safe, profitable, and sustainable community forest. The community forest will be managed for environmental, social, and economic values while taking into consideration the desires of its member and neighbouring communities.

Guiding Principles

1. *Forestry operations will be operated to show a profit and to demonstrate the value and viability of forestry to the Village of Pemberton and Lil'wat Nation.*
2. *Subject to provincial requirements in the Community Forest Licence, forest planning and operations will be conducted to maximize long-term security of employment and contracting opportunities in preference for Village of Pemberton and local residents, including Lil'wat Nation members.*
3. *Forest planning and operations will follow the best model of sustainable forestry practices.*
4. *Forest planning and operations will respect the land use plans and the cultural, recreational, educational, and aesthetic values/objectives of both the LN and VOP, including without limitation management of viewscapes, recreational trails, and riparian values.*
5. *Decisions will be made by consensus where possible, recognizing both cultural and sustainability interests of the Partners.*

Values

Management of the Spelkúmtn Community Forest recognizes and respects a set of shared community values. Values for the community forest include:

- *Environmental stewardship.*
- *Wildlife conservation and habitat enhancement.*
- *Community relationships.*
- *Watershed protection.*
- *Culture.*
- *Recreation.*
- *Economic viability.*
- *Viewscapes.*

- *Giving back to the community.*
- *Social responsibility.*
- *Connection between the land and people, connection to nature.*
- *Outdoor lifestyle.*

Goals and Objectives

The social, economic, and broad resource management goals of the SCF are:

- *Strengthen connections and collaboration between the Pemberton and Lil'wat communities.*
- *Management reflects sustainable forestry practices.*
- *Provide economic and social benefits to the Lil'wat and Pemberton communities.*
- *Support the creation and maintenance of local jobs and businesses.*
- *Collaborate with diverse partners to support education, training, and research about forest ecosystems and forestry.*
- *Protect and enhance recreational values for community use and tourism.*
- *Prioritize and practice safety throughout all operations for forest workers, community members, and the public.*
- *Reflect the values of both Lil'wat and Pemberton communities in forest management.*

Further to the goals, management of the SCF is guided by the following specific resource management objectives regarding timber and non-timber resource values:

- *Manage for an ecologically sustainable perpetual timber harvest rate.*
- *Protect and maintain water quality, including drinking water.*
- *Protect and enhance riparian areas and aquatic habitat.*
- *Maintain and enhance biodiversity at the stand and landscape level.*
- *Protect, restore, and enhance wildlife and fish habitat.*
- *Protect species at risk.*
- *Protect the function and productivity of forest soils.*
- *Maintain the visual quality of viewscapes.*
- *Protect and respect Lil'wat cultural and traditional use sites and values across the landscape.*
- *Maintain forest health.*
- *Protect and enhance recreation values and uses.*
- *Protect culturally valued botanical resources.*
- *Integrate wildfire considerations through management.*
- *Reforest harvested areas with a diverse mix of ecologically suited species.*

2. Determine the SCF's overall strategic direction and business priorities.
3. Establish and implement board level policies and practices that enable the SCF to maintain general oversight of its management, administration, and operations.
4. Delegate to the Forest Manager all duties of management, administration, and operation of the SCF, including the establishment and implementation of operational policies.
5. Identify and address issues that are likely to have a material impact on SCF, the shareholders, and the community stakeholders.
6. Develop, in concert with the Forest Manager, annual and long-term strategic plans, goals, and desired outcomes for the SCF.
7. Review and monitor progress in achieving the goals and outcomes established in the strategic plans.
8. Engage in risk management practices when reviewing work plans and when making major decisions.

Organizational Conduct

1. Identify conditions and constraints for how the work of the SCF will be carried out and establish policies to address them.
2. Ensure the organizational code of ethics and code of conduct are followed by everyone in the SCF.
3. Direct management to implement systems designed to ensure that the SCF operates to the highest ethical and moral standards.
4. Adhere to all Board policies.
5. Adhere to the general legal obligations of incorporation of the SCF and to the statutory duties under business, employment, environmental, and financial reporting law, and under the withholding provisions of taxation law.

Oversight and Monitoring

1. Ensure a collaborative agreement with the Forest Manager is in place.
2. Annually assess the performance of the Forest Manager regarding achievement of results, compliance with policies, regulations, laws, and other expectations established by the Board.
3. Monitor the SCF's progress towards its goals and objectives.
4. In consultation with the Forest Manager, identify the principal risks to the SCF's business and take reasonable steps to ensure the implementation of appropriate systems to manage these risks.
5. Revise and alter the strategic direction of the SCF as circumstances change.

Protect the Interests of the Organization

1. Recruit and hire the Forest Manager, monitor their performance, approve their compensation, provide advice and counsel to the execution of their duties, and replace, as required.
2. Direct the democratic process within the SCF, including the election of directors and director succession.
3. Develop, approve, and monitor compliance with all major policies that govern the SCF's operations.
4. Ensure timely reporting of any developments that have a significant and material effect on the performance of the SCF, as required under the SCF's constitution and bylaws.
5. Document and report on the SCF's performance to the community and its stakeholders on an annual basis.
6. Assess Board performance annually.

Financial Health

1. Approve the annual budget and any expenditures that deviate materially from the approved budget.
2. Ensure that budgets comply with organizational policies and meet operational requirements, strategic goal priorities, and long-term financial obligations.
3. Direct management to ensure that systems are in place for maintaining the integrity of and implementing the SCF's internal financial control and management information systems.
4. Ensure that annual financial results are reported fairly and in accordance with generally accepted accounting principles.

Community and Stakeholder Relations

1. Develop and implement a plan for enabling effective communication with shareholders, the community, and other stakeholders on a regular and transparent basis.

2. Ensure that SCF understands the interests of the shareholders, community, and other stakeholders.
3. Respond to or delegate responses, as appropriate, to inquiries, requests, or demands from the community, regulatory agencies, shareholder(s), or other stakeholders.
4. Report annually to the shareholders, the community, and other stakeholders on the Board's stewardship for the preceding year.

Governing Principles

Governing principles are intended to assist the Board in defining its role, its relationship with management and staff, and how it will conduct itself as a governing body.

1. The Board exists to govern on behalf of the SCF shareholders who have delegated the power and authority to act on their behalf and in the best interests of all who make up the SCF and the respective communities.
2. The primary purpose and role of the Board is to govern, not to manage.
3. The Board designates the Forest Manager or other contract employee as may be determined by the Board as the person responsible for managing, administering, and operating the SCF, and in doing so it delegates to this position the power and authority necessary to execute the relevant duties and responsibilities.
4. The power and authority of the Board exists only when it acts as a whole. As individuals, Board members, including the Chair, exercise no power or authority in the SCF, and may not act or speak for the Board unless specifically delegated to do so by the Board. Decisions and views of the Board are those made by the Board through the accepted decision-making process, ensuring that the Board speaks with a unified voice.
5. Board members commit to collaborating with each other and with the Forest Manager, forest contractor, executive director and other staff and contractors to build and maintain a healthy, effective, and functioning organization.
6. Directors have a responsibility to set aside any potential conflict between their personal or individual business interests to support the well-being of the SCF.
7. Through regular meetings, the Board will support effective organizational planning and management of the corporation's resources and ensure that the corporation meets all applicable regulatory requirements.
8. Once appointed, the Forest Manager is the only staff person who reports to the Board and is the person with whom the Board communicates and interacts within the operational context. The Board holds the Forest Manager accountable for performance within the Board approved budget and for achievement of the strategic priorities. In the absence of the Forest Manager, the executive director and forest contractor may report directly to the Board.
9. The Board is responsible for annual assessment and evaluation of SCF performance (both governance and management).
10. The Board and the Forest Manager, forest contractor and executive director will rely on the governance framework, policies, and dispute resolution mechanisms to fulfill their respective mandates.

Responsibilities of Individual Directors

General Responsibilities

As a member of the Board, each director will:

1. Fulfill the legal requirements and obligations of a director, including those pertaining to both the statutory and fiduciary roles. (A **fiduciary** is a legal or ethical relationship of trust between two or more parties. Typically, a **fiduciary** prudently takes care of money for another person.)
2. Use their abilities, experience, and influence constructively.
3. Understand and respect the difference between governing and managing, and not encroach on management's area of responsibility.
4. Identify and declare to the Board Chair, any potential or real conflict of interest areas, and ensure that they are appropriately reviewed.
5. Participate in the review and approval of SCF policies and strategies and in monitoring their implementation.
6. Participate in the performance evaluation of the Forest Manager, executive director, and forest contractor and of the organization.
7. Become generally knowledgeable of the business of the organization and its mandate.
8. Attend and participate fully in the meetings and committees of the SCF and prepare for each Board and committee meeting by reading the reports and background materials provided for the meeting.
9. Develop an understanding of basic financial reporting including balance sheet and profit and loss statements.

Effective Conduct

As a member of the Board, each director should establish an effective, independent, and respected presence and a collegial relationship with other directors, through conduct that includes:

1. Speaking or acting on behalf of the Board only when specifically authorized to do so.
2. Holding the interests of SCF over those of special interest groups or individuals.
3. Participating in discussions of the Board in a manner that encourages the candid expression of each director's opinion.
4. Supporting and abiding by Board resolutions, in a meeting and in the community.
5. Following the guidelines and rules agreed to by the Board regarding governance and conduct.
6. Honouring the conduct, confidentiality, and conflict of interest policies that apply to all Board directors.

Decision Making Process

The Board will make decisions by consensus where possible, recognizing the cultural and sustainability interests of the Partners.

Limits to the Board's authority are set out in the articles of the Shareholders Agreement. To protect the shareholders, certain actions may not be taken by the Board and instead require approval of both Shareholders. As per article 3.8 of the Shareholders Agreement, these actions are as follows:

- (a) increasing, reducing, or cancelling the authorized or issued share capital of the Company or issuing or granting any option over the unissued share capital of the company;
- (b) issuing any shares of any class in the capital of the Company (except for an issue of shares made pursuant to this Agreement);
- (c) adopting the annual budgets of the Company;
- (d) disposing of any land or improvements of the Company or any other significant asset of the Company or the Company (other than in the normal course of business);

- (e) entering into any credit agreements, including amendments to existing credit agreements to increase the Company's overall borrowing limit, that contemplate the Company incurring debt obligation, that, if fully drawn, would exceed \$500,000;
- (f) borrowing more than an aggregate of \$250,000 at any time; and
- (g) selling or disposing of the whole or a substantial part of the undertaking and goodwill or the assets of the Company or the Limited Partnership.

Matters requiring unanimous consent of the Boards as per article 3.9 of the Shareholders' Agreement, are as follows:

- (a) the undertaking by the Limited Partnership of any new business or project;
- (b) incurring by the Company on its own behalf or on behalf of the Limited Partnership of any capital commitment (including the purchase of any fixed asset) in excess of \$100,000 in respect of any one transaction;
- (c) entering into any contracts which have as a term (including any renewal or extension terms permitted under the contract), exceeding two years or requires payment by the Company of an amount in excess of \$2,000,000;
- (d) acquiring or disposing of any interest in any other corporation or partnership or entering into any joint venture or partnership with any other corporation or person;
- (e) lending or providing any guarantee in respect of any amount whatsoever including, without limitation, a loan by the Limited Partnership to any person;
- (f) disbursement of proceeds of the Limited Partnership in accordance with the Limited Partnership Agreement.
- (g) Entering into, or the amendment of, an agreement with a person to manage substantially all of the Partnership Business (the "Manager"), and
- (h) Mortgaging, charging, whether by way of specific or floating charge, granting a security interest in or giving other security on, the whole or any part of the Community Forest Licence.

The Consensus Process

There are levels of agreement in consensus decision making:

1. Full agreement to support a decision.
2. Ability to "live with" the decision.
3. Stand aside.
4. No agreement (block the decision).

Consensus is defined as general agreement (levels 1, 2 or 3 above). A director may choose to stand aside when they do not necessarily agree with a decision, but prefer not to block the decision, or when they do not have enough knowledge to make an informed decision. A director may request to have the meeting record show stated objections to full consensus. A consensus agreement may be revisited only with the consensual support of the group.

Assisting the Consensus Process

When testing for consensus and a straw poll indicates that consensus will not be achieved, the following process will be implemented:

1. Those disagreeing will provide a description of the interests not accommodated by the proposal at hand, alternative proposals for how those interests could be accommodated, and a description of how these alternative proposals accommodate the interests of others.
2. In response, those agreeing with the original proposal will convey how it meets the interests of those disagreeing, as well as how it could be amended to better meet these interests.
3. If a consensus cannot be reached, steps 1 and 2 (identified above) will be thoroughly explored.
4. If after due time and effort a consensus has still not been reached, the group has an option to utilize the identified fallback mechanism.

Fallback Mechanism to Consensus

If consensus cannot be reached after due time and effort, any director may request a vote. This mechanism will be used in circumstances where a timely decision is required in the best interests of the business. A two thirds (2/3) majority affirmative vote shall be required to carry a resolution.

Key Responsibilities of the Executive Positions

The Chair will:

1. Ensure that the Board has full governance of the SCF's business and affairs and that the Board is alert to its obligations to the SCF, to the communities and sectors it serves, to management, and under the law.
2. Provide leadership to the Board; assist the Board in reviewing and monitoring the strategy, policies, and directions of the SCF and the achievement of its objectives.
3. Encourage each director to contribute to discussions, particularly in areas which call upon that director's unique skills, experience, and background.
4. Facilitate discussions of the Board in a manner that encourages the candid expression of each director's opinion and discourages any conduct or language that would reasonably be seen as intending to block the full expression of another director's views.
5. Build consensus, develop teamwork, and resolve conflict within the Board.
6. Review the agenda, information packages, and related documents for Board meetings with the Forest Manager and the Secretary.
7. Review minutes of Board meetings for accuracy and edit as appropriate.
8. Chair Board meetings, meetings of members, and the Annual General Meeting.
9. Ensure that Board and committee meetings are conducted in an efficient, effective, and focused manner.
10. Ensure that the Board receives adequate and regular updates from management on all issues important to the welfare and future of the organization.
11. Represent the organization with external organizations or government to promote specific organizational objectives.
12. Serve as spokesperson for the organization.
13. Serve as the official liaison with the Forest Manager and staff.
14. In coordination with the Forest Manager and staff, ensure that the SCF's management and, where applicable, the Board, are appropriately represented at official functions and meetings.
15. Ensure that an orientation for new directors and Chair is conducted in a timely manner.
16. Ensure that a succession plan is in place.
17. Act as a signing officer for cheques and other documents.
18. Assist the Board in reviewing the following:
 - organizational goals and policies of the Board;
 - strategies and business plans developed by the Forest Manager;
 - management, capital and operating plans, financial statements, and management reports;
 - allocation of resources; and
 - annual performance evaluation of the Forest Manager or executive director.

The Vice Chair will:

1. Act in the absence of the Chair.
2. Learn the duties of the Chair.
3. Keep informed of key issues.
4. Work closely as consultant and advisor to the Chair.
5. Keep the Chair informed of key issues.

6. Prepare to serve a future term as Chair.
7. Chair at least one major committee.
8. Orient the new Vice Chair.
9. Act as a signing officer for cheques and other documents.

The Secretary will:

1. Keep copies of the organization's bylaws and the Board's policy statements.
2. Maintain the register of shareholders and members.
3. Notify Board Members of meetings.
4. Keep a record of Board attendance.
5. Ensure that there is quorum present prior to the transaction of business at a Board meeting. As set out in Shareholders Agreement article 3.6,
 - a. quorum is at least two directors comprising an equal number of nominees of each of Village of Pemberton and Lil'wat Nation; and
 - b. if a quorum is not present within one-half hour from the time set for a meeting of the Board, the meeting will be adjourned to the same day in the next week, at the same time and place or other such time as may be agreed by the Shareholders;
6. Keep accurate minutes of meetings, including recording all motions and decisions of meetings.
7. Distribute copies of minutes to Board Members promptly after meetings.
8. Conduct general Board correspondence and keep records of all Board correspondence.
9. Review and approve Board minutes and corrections to confirm their accuracy.
10. Sign official documents of the organization as required.
11. File the annual return, amendments to the bylaws and other incorporating documents with the Corporate Registry or other authority.
12. Look after of the common seal of the Company.
13. In the absence of the Chair and Vice Chair, chair Board meetings until the election of an alternate Chair.
14. Orient the new Secretary.

The Treasurer will:

1. Serve as the board liaison to the Forest Manager or contractor in development of the annual budget.
2. Act as signing officer, with another officer or manager, for cheques and other documents.
3. Orient the new Treasurer.

Election of Executive Positions

The election of the Chair shall take place at the first regular meeting of the Board following November 1 in each year. The executive director shall call for nominations for Chair and shall conduct an election by secret ballot. The nominated director receiving a majority vote shall be elected Chair.

An election conducted as an electronic poll via electronic facilities is deemed to be a secret ballot. If no person receives a majority, the executive director may call one or more recesses after which further elections may be conducted until a majority is achieved. If there is only one nomination for the Chair, then the Chair shall be acclaimed.

Following the election of the Chair, the Board shall elect one of its directors to be Vice-Chair. The Vice-Chair has, during the absence, illness, or other disability of the Chair, all the powers of and is subject to the same

rules as the Chair. The procedure for determining the director to be elected Vice-Chair shall be as set out in this section for electing the Chair.

Following the election of the Chair and Vice-Chair, the Board shall elect a Secretary and Treasurer using the same process.

Draft Conflict of Interest Policy

The Board expects of itself and its directors conduct that is ethical and that honours the integrity of the organization.

The Board has a responsibility for compliance with the *Business Corporations Act* and the *Partnership Act* under which it was created. This accountability supersedes any responsibility or loyalty to staff, family, friends, business associates, advocacy or interest groups, or other boards or organizations.

A conflict of interest is a situation in which a person has a private or personal interest sufficient to appear to influence the objective exercise of their official duties. A conflict of interest, or a perceived conflict of interest, refers to an interference (or potential interference) with professional judgement. A conflict of interest is a breach of obligation to the organization and must be avoided.

Board members and staff are responsible for seeking guidance from the appropriate source should there be a concern that one might hold a conflict of interest in a matter before the Board.

Board members will declare any possible conflicts of interest, real or perceived, with respect to their fiduciary responsibility to SCF.

Conflict of Interest may exist

1. If, due to a decision of a director at a Board meeting, that director stands to gain financially (either directly or indirectly).
2. If a director's private affairs or financial interests are in ongoing conflict with their duties and responsibilities as a director.
3. If a director's actions compromise or undermine the trust which the public and board members place in the organization.
4. If a director's actions may be viewed as corrupt.
5. If a director's actions could impair their ability to act in the organization's best interests in the future.
6. If a director accepts a gift or money in return for a favour or accepts a gift when doing so may give the impression that they are acting in return for a favour.
7. If a director gives other people confidential information about the organization.

Conflict of interest, or perceived conflict of interest, may occur

1. If a director participates in discussion or a decision about a matter which may benefit that director directly or indirectly.
2. If there exists a personal interest that could influence a director's decisions or impair their ability to act in the Spelkúmtn Community Forest's best interest.
3. If a director uses their position to obtain for themselves, family members or close associates, employment within the organization.
4. If the interest of a friend, a family member, a business associate, an employer, or other person with whom the director is associated or to whom the director owes an obligation, or an entity in which the director holds a significant interest, could impair the director's ability to act in the Spelkúmtn Community Forest's best interest.

5. If a reasonable person could perceive that the director might make or influence a board decision in the director's personal interest or in the interest of a person or entity described above.

Managing Conflict of Interest

1. Should a director be considered for employment, they must temporarily withdraw from board deliberation, voting, and access to related Board information.
2. If a director thinks they have a conflict of interest it is their obligation to inform the other directors of the potential conflict.
3. A director is obligated to be aware of any real or perceived conflict of interest they might have with respect to any matters relating to the organization and to declare this conflict to the Board.
4. A director who has knowledge of another director's conflict of interest, real or perceived, has an obligation to bring this to the attention of the director in question.
5. The Board may acknowledge a conflict of interest of one of its directors and act to allow the conflict if it acknowledges the conflict and deems it to be acceptable.
6. Prior to, or at the beginning of, a board or committee meeting, Individual directors and staff members present at a meeting will voluntarily disclose any possible conflicts of interest annually through the submission of a Disclosure Statement.

Procedure When Conflict Arises

1. Should a dispute over the existence of conflict of interest arise, the Board will settle the dispute. The Board's decision will be final.
2. A conflicted person will, when requested by the Board to do so, leave the room or, in the case of a meeting held by electronic means, disconnect from the meeting, and not participate in any discussion of the topic at any time.
3. The temporary absence of a conflicted director will not affect the meeting's quorum.
4. Notwithstanding any of the above, a person who leaves the meeting for conflict-of-interest reasons may be recalled by the Chair to answer questions of fact when his or her knowledge of the matter will assist the Board or Committee.
5. Declarations and subsequent absences will be noted in the minutes of the meeting.
6. A person deemed to be conflicted will refrain from attempting to exert any influence on the issue.

Dispute Resolution

Should a dispute arise between members of the Spelkúmtn Community Forest Board, the parties to the dispute may use the procedure outlined below:

The matter shall be considered promptly by a committee of three consisting of the vice chair acting as chair and one voting member appointed by each party to the dispute, to attempt in good faith to negotiate a resolution of the dispute. Should the vice chair be a party to the dispute, the secretary shall act in their stead. A unanimous resolution reached by the members of a negotiation committee and communicated by them in writing to the Parties shall be binding on the Parties and shall be implemented.

Should the parties be unsuccessful in resolving the conflict by the process outlined above, mediation by an independent third party who has no decision-making authority on the Board, such as the Vancouver International Arbitration Centre, should be undertaken.

If mediation is unsuccessful, the final recourse shall be binding arbitration or legal proceedings.

A dispute between the parties to the Shareholders Agreement is to be managed according to the dispute resolution process set out in Article 7 of the Shareholders Agreement, which states:

If the Board is unable to agree with respect to any matter arising from the operation of the Community Forest Licence there shall be deemed to be a dispute between the parties which shall be resolved in accordance with the dispute resolution procedure set out in sections 7.3 and 7.4 of the Shareholders Agreement.

Board and Management Relationship

Directors respect that the Board's job is to govern, and management's job is to manage. Directors do not become involved in the management and operations of the organization other than through Board policy or direction. If a director is concerned about any aspect of the organization's operation, the matter is not raised directly with the Forest Manager or other staff; the concern is instead directed to the Chair with a request that it be addressed on the Board agenda.

Board Composition

As per article 3.1 of the Shareholders Agreement, the Spelkúmtn Community Forest Board consists of six (6) directors, comprised of an equal number of nominees each from Lil'wat Nation and Village of Pemberton and may include one council member from each entity if desired. If a position on the board is open for any reason, the shareholder whose nominee formerly occupied such position is entitled to nominate a new director to fill the vacancy.

The composition of the Board should reflect the diversity of the people within the partner organizations and represented communities. Collectively, the Board should possess many of the following skills and experience, while individual directors should possess more than one:

1. Leadership: experience managing operational aspects of a small to medium commercial or non-profit entity.
2. Business: experience in operating a business in British Columbia.
3. Board Experience: previous experience as a member of a Board of Directors of a commercial or non-profit entity.
4. Accounting and finance: accounting and financial expertise.
5. Legal: a legal background or experience in managing legal issues of a commercial nature.
6. Forestry: knowledge and experience in addressing forestry issues in BC, including environmental and safety issues.
7. Communications: experience in developing or leading communications programs.
8. Regulatory: experience or significant knowledge of the issues associated with a commercial entity regulated by statute.
9. Community and Aboriginal relations: experience in leading consultation processes with local governments or aboriginal interests in BC.
10. Non-timber resource knowledge: experience and knowledge of non-timber resource activities such as forest recreation, biodiversity, and environmental sustainability.

SCF Director Accountability Agreement

This document is in three sections and is intended to support accountability of each member of the Spelkúmtn Community Forest (SCF) Board of Directors.

Section 1 - Confidentiality and Consent

TO: Spelkúmtn Community Forest Corporation (SCF)

I hereby certify that:

1. I am not less than eighteen years of age;
2. I am not of unsound mind and have not been so found by a court in Canada or elsewhere; and
3. I do not have the status of a bankruptcy.

I hereby:

- consent to my election or appointment from time to time as a director of the SCF
- consent to the holding of meetings of directors or any committees of directors of which I am a member by means of such telephone or other communications facilities as permitted
- acknowledge and declare that I am a resident of Canada
- undertake to advise the SCF in writing of any change in my status as a resident of Canada.

In return for the Spelkúmtn Community Forest Corporation giving me access to confidential information in the form of draft proposals, draft legislation, draft regulations, briefing materials, correspondence, or verbal communication for the purposes of involvement in the affairs of the SCF, I agree to keep confidential the documents and information that I obtain from this access or because of this involvement.

Nothing in this agreement prevents me from disclosing confidential information or a confidential document:

1. to a person who has executed a confidentiality agreement with the SCF like this one,
2. if the disclosure is required by law, or
3. if the information has first been made public by the SCF.

If confidential information or a confidential document is made public by the Board, I may discuss the information or document that has been made public with any person if I do not, in that discussion, disclose any confidential information or document that has not already been made public.

Section 2 - Code of Conduct

The Code of Conduct sets out the attitudes, behaviors and actions expected of an individual on the Board of the SCF.

In fulfilling my responsibilities as a board member of the SCF, I agree to:

1. Exercise the duties of care, diligence, and skill.
2. Respect the confidentiality of board discussions and other discussions of board business.
3. Abide by all policies governing director behaviour, practices, decisions, and actions.
4. Respect and abide by the Board's governing principles.
5. Honour my obligations to attend all board meetings and if this is not possible, notify the Chair in advance of my inability to attend.
6. Support the work of the SCF by attending SCF events.
7. Attend board meetings prepared for the meeting, having read the materials relevant to the meeting agenda.
8. Abide by the meeting rules and by the process agreed to for conducting board meetings.

9. Avoid, if possible, any real or potential conflict of interest, and when it is not possible to do so, declare to all board members the real or potential conflict.
10. Abide by the SCF Conflict of Interest Policy which includes the annual signing and submission of the Disclosure Statement.
11. Exercise and discharge the powers and duties of a director honestly and in good faith.
12. Respect the right of each director to contribute their position or opinion to board discussions, even though I might disagree with them.
13. Refrain from any form of bullying, harassment or discrimination through conduct or comments, verbal or written, toward fellow board members or staff and contractors.
14. Refrain from behaviour which undermines the board's integrity, discussions, and decision making.
15. Ensure that my views and opinions are expressed in board discussions and honour the principle that a board decision made fairly is the board position on the matter.
16. Participate and contribute to building and maintaining a strong, healthy, productive, and effective functioning board.
17. Voice my disagreement with board positions and decisions at board meetings, and not attempt to undermine the board by using public forums, special interest groups, or other mechanisms to voice my disagreement.
18. Avoid communication with staff other than the Forest Manager, or, in the absence of a Forest Manager, the Executive Director on matters related to administration or operations.
19. Not use my position as a board member to obtain employment with the SCF for myself, family members, or close colleagues.

Failure to comply with the Code of Conduct principles outlined above may result in removal from the Board or legal action.

Section 3 - Personal Interest Disclosure Statement

Purpose

The purpose of the Personal Interest Disclosure Statement is to allow SCF directors to declare personal interests, memberships, and activities to manage real or perceived conflict of interest.

Process

Members of the SCF board of directors will complete the Disclosure Statement by listing employer, contracts, memberships, and other affiliations or associations that may present a real or perceived conflict of interest.

Employment

State employer and major contracts and briefly describe the nature of your work:

Memberships

State all clubs, and other memberships relevant to the SCF:

Other Interests

List any additional information that is potentially of interest to the purpose of Conflict of Interest Policy:

I acknowledge that the information contained in this form is complete and accurate.

Print name

Signature

Date