

Societies Act of BC

Part 5 - Management

Functions of directors

52 Subject to this Act, the regulations and the bylaws, the directors of a society must manage, or supervise the management of, the activities and internal affairs of the society.

Duties of directors

- 53** (1) A director of a society must, when exercising the powers and performing the functions of a director of the society,
- (a) act honestly and in good faith with a view to the best interests of the society,
 - (b) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances,
 - (c) act in accordance with this Act and the regulations, and
 - (d) subject to paragraphs (a) to (c), act in accordance with the bylaws of the society.
- (2) Without limiting subsection (1), a director of a society, when exercising the powers and performing the functions of a director of the society, must act with a view to the purposes of the society.
- (3) This section is in addition to, and not in derogation of, any enactment or rule of law or equity relating to the duties or liabilities of directors of a society.
- (4) Nothing in a contract or the bylaws of a society relieves a director from
- (a) the duty to act in accordance with this Act and the regulations, or
 - (b) liability that, by any enactment or rule of law or equity, would otherwise attach to the director in respect of negligence, default, breach of duty or breach of trust of which the director may be guilty in relation to the society.

Proceedings of directors

- 54** (1) Unless the bylaws of a society provide otherwise, the directors may meet at any location or in an electronic meeting, on any notice and in any manner convenient to the directors.
- (2) The directors of a society may pass a directors' resolution without a meeting if all of the directors, or, if provided for in the bylaws, a lesser number of those directors, consent to the resolution in writing or in any other manner provided for in the bylaws.

Directors' liability for money or other property distributed

- 59** (1) Directors of a society who
- (a) vote for a resolution passed at a meeting of directors, or
 - (b) consent to a consent resolution of directors authorizing a distribution, contrary to this Act or the bylaws, of money or other property are jointly and severally liable to restore to the society any money or other property that is so distributed and not otherwise recovered by the society.

- (2) The liability imposed under subsection (1) is in addition to, and not in derogation of, any liability imposed on a director by any enactment or rule of law or equity.
- (3) A legal proceeding to enforce a liability imposed by this section may not be commenced more than 2 years after the date of the applicable resolution.
- (4) Without limiting any other rights a director has at law, a director who has satisfied a liability arising under this section is entitled to contribution from the other directors who voted for or consented to the resolution that gave rise to the liability.
- (5) In a legal proceeding under this section, the court may, on the application of a society or a member or director of a society, do one or more of the following:
 - (a) order a person to pay or deliver to the society any money or other property the court considers was improperly distributed to that person;
 - (b) join a person as a party to the legal proceeding;
 - (c) make any other order the court considers appropriate.

Limitations on liability

60 A director of a society is not liable under section 59 and has complied with his or her duties under section 53 (1) [*duties of directors*] if the director, reasonably and in good faith, relied on any of the following:

- (a) financial statements of the society represented to the director to fairly reflect the financial position of the society
 - (i) by a director or senior manager responsible for the preparation of the financial statements, or
 - (ii) in a written report of the auditor of the society;
- (b) a written report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by that person;
- (c) a statement of fact represented to the director by another director or a senior manager of the society to be correct;
- (d) any record, information or representation the court considers provides reasonable grounds for the actions of the director, whether or not
 - (i) the record was forged, fraudulently made or inaccurate, or
 - (ii) the information or representation was fraudulently made or inaccurate.

Further information:

From Peoples Law School - 10 things you should know about the Societies Act

<https://www.peopleslawschool.ca/10-changes-new-societies-act/>