



Information for Candidates for Board of Directors

Be a leader at your Credit Union.

At OECU we value the dedication and commitment of our Members who choose to participate in our nomination and election process as a Board Candidate. We thank you for your interest in seeking nomination for our Board of Directors. Inside this package you will find information that will clarify the qualification criteria for Candidates and expectations of Board Members in their role of governing the Credit Union. An “Application for Nomination” form is included at the end of this document.

To assist those Members who are interested in considering candidacy, the Governance Committee is your dedicated resource.

The Committee’s primary role is to ensure Members are fully informed of the nomination process, as well as to consider the qualifications of Candidates in order to ensure the highest quality board composition, and to meet any gaps as identified by the Board in their analysis of the Board’s skills, knowledge and experience.

If you’re a champion of the Credit Union dedicating its services and products to the Educational Community, an experienced director with a variety of excellent skills or an individual that may not have Board experience but is looking for a way to make a meaningful difference in your credit union, then you may well be just the kind of Candidate we’re looking for!

Applications for Nomination must be marked Confidential and submitted to:

Governance Committee
Ontario Educational Credit Union
1-6435 Edwards Boulevard
Mississauga, ON
L5T 2P7

Thank you for your interest in becoming a member of OECU’s Board of Directors.



Candidate's Guide

OECU Credit Union's Directors are expected to attend all scheduled Board and Committee meetings (of which they are members) in person and be active participants therein. They are also encouraged to attend any OECU related organizational and community activities. In addition Directors should be willing to attend credit union system meetings and conferences.

The information found below identifies and briefly describes OECU's Committees, Director education requirements and a summary of meetings and estimated commitment of time which one might expect when they become a Director of OECU.

We hope that this information will assist you in clarifying your obligations should you become a Director. However, if you have any questions regarding the information, or wish to learn more about OECU's Governance structure/practices, please contact David Gunderson, President & CEO dgunderson@oecu.on.ca and he will arrange to have a Governance Committee member contact you at a convenient time.

1. FULL BOARD

The Board of Directors consists of a minimum of 5 and maximum of 9 Directors, each elected by the Membership for a term of three years, subject to a term-limit of 10 consecutive terms in office. As part of its oversight responsibilities the Board is responsible for establishing corporate strategies, objectives, policies and performance standards and measuring their achievement; has ultimate accountability for determining the credit union's risk appetite; and hiring and delegating authority to the President & CEO.

2. BOARD COMMITTEES

The Board Committees are assigned responsibilities to assist the Board to carry out its mandate.

The current Committees and their mandates are as follows:

A. Governance:

Has the responsibility to ensure effective corporate governance, including its structure, and the establishment of Committee mandates so that the Board's responsibility to the Membership is fulfilled. It is responsible to assess the performance of the Board and its Committees.

B. Audit, Finance, Risk Management & Insurance:

Provides the Board with reports on matters related to accounting and financial reporting practices, risk management, and internal and external control procedures. The

Audit Committee is charged with a number of statutory responsibilities, as required under the Credit Union Act. It also reviews and recommends the annual financial statements to the Board. It is responsible to ensure effective management of operational risk as well, that capital, liquidity management and internal control systems are at acceptable levels. It is additionally responsible for monitoring compliance with the Credit Union's Restricted Party policy.

Provides the Board with reports on matters related to financial statements, accounting and financial reporting practices, reviews and recommends annual forecast and quarterly updates to forecast. The committee is responsible to ensure that policy guidelines and systems are in place to ensure credit, investment and asset/liability (structural) risks are at acceptable levels. The Committee receives regular reporting that allows them to monitor compliance with credit risk management policies and the Deposit Insurance Corporation of Ontario's standards. The Committee must ensure that its credit and investment risk management strategy is fair, sound and prudent.

Responsible to ensure that robust processes identifying, manage and monitoring critical risks in the Credit Union are in place. Oversight of all enterprise risks ensuring they are at an acceptable level, as well as the establishment of a risk appetite framework, and monitoring of same. The Committee receives regular reporting that allows them to monitor compliance with credit risk management policies and the Deposit Insurance Corporation of Ontario's standards.

Responsible to ensure the Credit Union, Members, Staff, Directors and Volunteers are properly insured.

C. Executive:

Members of the committee are Board Chair, Board Vice-Chair and Audit Committee Chair. The committee can opt to convene if circumstances warrant rapid decisions which cannot be postponed for full Board assembly.

D. Human Resources:

This Committee is responsible for overseeing the Human Resources policies and programs for OECU; ensuring that they are developed, implemented and adhered to by Management in support of the business strategies of OECU; and providing employees with fair and meaningful employment in a safe and respectful workplace, while remaining consistent with OECU's values, and strategy of being an employer of choice.

The Committee has oversight of the employee compensation program; the Chief Executive Officer's performance and compensation; the compensation strategy and talent management plans for the Executive Leadership Team; and ensures effective

succession plans are in place at the CEO and Executive Management. The Committee is also responsible for oversight of Director compensation.

E. Scholarship Committee

The Committee has oversight ensuring the scholarship program is a fair and equitable to the candidates by maintaining processes and recruiting impartial and highly skilled scrutinizers. The committee also modifies the program as needed year over year to ensure that it remains current and relevant.

Meetings/Time Commitment

OECU's Board meets monthly, or at additional times as required. By regulation meetings must be held quarterly. Committees generally meet quarterly as well. It is expected that, in addition to the actual time spent at a OECU Board or Committee meeting, a Director will fully review all materials (e.g., Board materials, Committee agendas and supporting material) provided prior to attending each meeting.

Directors are expected to be able to receive, print and communicate via electronic means. While the amount of time required for this task will vary for each individual it is not unusual for a Director to spend approximately 1-3 hours preparing for a Board or Committee meetings. While travel time to and from meetings will vary with each Director, it is another factor to be considered.

All Directors sit on at least one Committee. Attendance at all Board and Committee meetings is tracked and reported to the Board.

While occasional conference calls are held to deal with special issues between regularly scheduled meetings, for the most part Directors are expected to attend meetings in person. The Chair may allow participation in a meeting via telephone conference or other electronic means.

The following meeting summary shows the approximate time commitment for each Director during the course of a year:

Board Meeting (held monthly):

Board meetings generally begin at 4:30p.m. and are traditionally held on the most convenient day of the third week of the month. Scheduling can vary due to Director availability and quorum potential. Location of the meetings is normally at OECU's Mississauga Office. The meetings generally last under three hours.

Governance, Audit, Finance and Risk Management and Insurance Committees:

Committees likely to meet 5 times during the year (allow 2-3 hours/meeting).

Human Resources Committee:

Meets approximately 4 times per year with greater emphasis during the period May through Sept. (allow 1-3 hours/meeting).

Executive Committee:

Meetings are held infrequently and on a need to basis (time allowed depending on circumstance).

Scholarship Committee:

Meets approximately 3 times per year (allow 1-3 hours/meeting).

Annual General Meeting:

Usually held during the last of October or Early November during the evening (3–4 hours).

Planning Session:

Planning Sessions for Directors generally involve a full day meeting in the Spring. This usually is held on a Saturday or a modified Board meeting date, requiring an earlier start and longer meeting.

Education:

OECU considers training and development programs for our Directors extremely important to assist them in understanding the roles and responsibilities of being a Director of a Credit Union of our size.

In 2012 the Deposit Insurance Corporation of Ontario established requirements for individual Director competencies, which require Directors to be at certain levels of competency within a specified time period. A self-assessment is used to determine these levels and where the competency level is below the required level, development opportunities are identified for the Director to participate in to increase their knowledge.

Directors are required to additionally commit to a specific number of hours of continuing education in a year. The Board allocates funds annually for training and development purposes, and it is incumbent on each Director to consider additional opportunities for development wherever possible.

Remuneration:

Directors have democratically opted to not be paid an honorarium in recognition of the significance of the accountabilities and responsibilities associated with governing OECU, or in recognition of the time required for Directors to fulfill their responsibilities.

Incentives in pricing are provided for deposit and credit facilities. All banking services are free to the Director and, if applicable, their joint account holder. Post-meeting social interaction at superior restaurants is provided for those whose schedule permits. All travel and reasonable expenses are reimbursed as per Board policy. Some Incentives are taxable as personal income.

DIRECTOR ELIGIBILITY REQUIREMENTS **(as extracted from OECU's By-Laws)**

(1.) A member is eligible for election to the position of director if, and only if:

A. the member:

- (i) has been a member of the Credit Union for at least 120 days;
- (ii) and all of the members of the Member Connection associated with the member, have been members "in good standing" continuously for a period of time equal to the lesser of the preceding 120 days and the period of actual membership;
- (iii) is not disqualified from becoming or acting as a director pursuant to the Act,
- (iv) is not a director, officer, employee, or agent of an entity (other than any other entity for which an exception has been made by the Board from time to time) that is engaged in, or has the reasonable potential to be engaged in, business activity materially and directly competing with the then existing or proposed activities or business of the Credit Union;
- (v) is not a spouse of a person described in sub-paragraph (iv) above;
- (vi) if a former employee of the Credit Union, was not an employee of the Credit Union at any time in the preceding twenty-four (24) months;
- (vii) if an incumbent director, has not failed, without in the opinion of the Board reasonable cause, to attend three (3) consecutive regular meetings of the directors within the preceding twelve (12) months; or
- (viii) is free of any real or perceived conflict of interest that might reasonably be expected (based on a legal opinion), to prevent him or her from acting in the best interests of the Credit Union as a whole, and independently of any particular interest arising as a result of any previous, existing, or future relationship with the Credit Union, its members, customers, competitors, or suppliers;

B. the member, if an incumbent director, will not, at the end of the member's current term as a director, have served the longer of:

- (i) ten(10) consecutive terms, or
- (ii) the previous thirty (30) consecutive years on the board of the Credit Union.

C. the member has been nominated in accordance with the terms of this By-law.

INDIVIDUAL DIRECTOR QUALIFICATION REQUIREMENTS

(as extracted from the Credit Union and Caisses Populaires Act– Section 91)

91. Only a natural person who meets the following criteria is eligible to be a director of a credit union:

1. He or she is a member of the credit union.
2. He or she is at least eighteen years of age.
3. He or she is a Canadian citizen or a person lawfully admitted to Canada for permanent residency who is ordinarily resident in Canada. 1994, c. 11, s. 91
For added clarification, Nominators, while being required to meet the “disqualification” criteria, must also meet the requirements for qualification for a Director as per section 91 of the Act and as referenced in Schedule B herein. In relation to the reference therein to “only a natural person” being eligible as a Director, this means that only an individual person, who holds an Adult Membership share with OECU, can act as a Nominator.

INDIVIDUAL DIRECTOR DISQUALIFICATIONS

(as extracted from the Credit Unions and Caisses Populaires Act– Section 92)

92. (1) The following individuals are disqualified from being directors of a credit union:

1. One whose membership in any credit union has been terminated, other than voluntarily.
2. One who has been found under the Substitute Decisions Act, 1992 or under the Mental Health Act to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere.
3. One who is an undischarged bankrupt or who has been discharged as a bankrupt in the five years preceding the date on which he or she may be elected as director.
4. One who is unable to obtain a bond of an insurer licensed under the Credit Unions Bonding Insurer.
5. One who is more than 90 days in arrears in the payment of a debt owed to the credit union unless the credit union has agreed to extend the time for repayment.
6. One who is a listed person within the meaning of the United Nations Suppression of Terrorism Regulations under the United Nations Act (Canada).
7. One who has been convicted, in the five years preceding the date on which he or she may be elected as a director, of an offence described in subsection (3) and who has not received a pardon for the offence.
8. One whose membership in a professional association has been terminated, in the five years preceding the date on which he or she may be elected as director, for professional misconduct.
9. An employee of the credit union or a league in which the credit union is a member or his or her spouse, parent or child
10. A professional advisor who provides services to the credit union in his or her Professional capacity or who has provided such services in the three years preceding the date on which he or she may be elected as a director.
11. An employee of the Corporation.

12. A public servant employed under Part III of the Public Service of Ontario Act, 2006 whose employment duties include regulating credit unions.
13. One who has not met the training requirements or qualifications for directors established by the credit union.
14. One who has not met any reasonable condition or qualification set out in the By-laws of the credit union.

(2) Exception

An individual is not an employee for the purposes of paragraph 9 of subsection (1) solely because he or she provides, without remuneration, services to the credit union or league that are ordinarily provided by an employee. 2007, c. 7, Sched. 7, s. 58 (1).

(3) Type of offence

An offence referred to in paragraph 7 of subsection (1) is an offence that,

- A. is related to the qualifications, functions or duties of a director of a body corporate;
- B. involves theft or fraud;
- C. involves a contravention or failure to comply with this Act, a predecessor of this Act or an Act governing a subsidiary of the credit union; or
- D. involves a contravention or failure to comply with the Securities Act. 2007, c. 7, Sched. 7, s. 58 (1).

Recommended Individual Director Criteria

A Director should possess or desire to be educated:

1. Understand the principles behind and share the vision of the Credit Union and have the ability to reflect the values and commitments of the Credit Union as well as acting in the Credit Union best interest at all times;
2. Bring a perspective of external business, finance, educational and social issues to Board deliberations;
3. Understand corporate governance and the fiduciary duties, roles and responsibilities of the Board as a whole and an individual Director of a Credit Union, including willingness to ask probing questions and challenge Management within the governance framework;
4. Commit to regular attendance at Board/Committee meetings and to full preparedness and willingness to contribute to meeting content;
5. Have insight into OECU's role in the Co-Op and Credit Union sectors, and understand the importance of credit unions in their communities;
6. Demonstrate the ability to provide leadership and set the example, both internally and externally;
7. Be an effective communicator demonstrating the ability to reframe existing problems/challenges;

8. Uphold the values of teamwork demonstrating the ability to operate as “a team” at Board level and “speak with one voice” once full discussion has been undertaken and a decision made by the Board;
9. Demonstrate personal integrity, financial stability and high ethical standards;
10. Have never declared personal or business bankruptcy;
11. Be willing to commit to continuous learning and improvement and undertake appropriate director training and development initiatives;
12. Agree to fulfill the time commitment, including travel time and work load associated with being a Director of the Credit Union; and
13. Have the capability to access electronic information via the Internet, and be able to print associated materials.

The following behavioural attributes are considered desirable for Directors to possess:

- 1 Demonstrate courage, be humble, fully transparent, and show a lack of complacency;
- 2 Be able to recognize and capitalize on her/his strengths while contributing to the collective strengths of the Board overall; and
- 3 Demonstrate attentive listening skills.
- 4 Have core knowledge of or experience in the cooperative system and an understanding of the cooperative principles;

Application for Nomination

As Members of OECU Credit Union Limited we nominate the following person for election to the Board of Directors. As Nominators we meet all of the qualifications outlined below.

The Application for Nomination, must be:

- signed by the proposed nominee; and,
- signed by two (2) other members of the Credit Union who would each act as nominators and:
 - A. have each been a Member of the Credit Union for at least 120 days;
 - B. are each a member in good standing as per the Credit Union Act and OECU By-laws.
 - C. if a former employee of the Credit Union, were each not an employee of the Credit Union at any time in the preceding twenty-four (24) months; and
 - D. with the exception of the proposed nominee are each not current members of the Board.

Candidate Name:

Address:

Phone (res): _____

(cell): _____

Email Address:

Nominator (1of2): (Please print clearly)

Legal Name:

Address:

Email Address:

Phone:

Signature:

Nominator (2 of 2): (Please print clearly)

Legal Name:

Address:

Email Address:

Phone:

Signature:

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Governance Committee
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