



<b>TERMS OF REFERENCE &amp; PROFILE:</b>	Director of the Board
<b>DATE:</b>	January 2021
<b>REPORT TO:</b>	Membership

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## **ABOUT THIS DIRECTOR PROFILE**

This director profile outlines the duties and responsibilities of an Innovation Credit Union director. It should not be considered exhaustive but offers an overview of what is involved.

## **THE BOARD OF DIRECTORS**

### **Purpose**

The Board of Directors (the "Board") has ultimate accountability for the governance of Innovation Credit Union ("Innovation" or the "credit union") pursuant to governing legislation and by-laws.

The relationship between the Board and management, credit union members, other stakeholders and individuals on the Board, is critical to meeting this accountability.

The Board's role is to develop and implement sound policies and business strategies to support the aims and objectives of the credit union, and to ensure the credit union is effectively managed for the overall long-term benefit of its members and employees.

As members of the Board, directors will be elected to the offices of Chair (or President prior to continuation), 1<sup>st</sup> Vice President and 2<sup>nd</sup> Vice President.

### **Responsibilities**

In general, the Board is responsible for:

- overall governance of the credit union, including implementing and monitoring policies that will allow the credit union to carry out its work,
- submitting to the general meeting, any matter requiring member approval as detailed in the governing legislation or by-laws,
- appointing or removing the internal and external auditor,
- filling vacancies on the Board or committees,
- appointing or removing the Chief Executive Officer ("CEO"),
- appointing or removing the Board Chair of the credit union,
- issuing securities,
- approving and declaring dividends and/or patronage rebates,



- authorizing the disclosure statement issued for common shares,
- approving the annual financial statements,
- approving any disclosure reports to the membership including MDNA and Corporate Governance,
- approving the annual budget, and business plan,
- approving policy related to compensation and Executive compensation,
- approving related party transactions as required,
- establishing procedures for prudent investment standards,
- delegating lending limits as required by the regulator,
- providing challenge, advice and guidance to the credit union's executive leadership team, as appropriate, on the credit union's operational and business policies, business performance, and risk management,
- being objective and demonstrating sound judgement, initiative, proactiveness, responsiveness and operational excellence,
- promoting an organizational culture that facilitates open communication, collaboration and appropriate debate in decision-making processes, and
- being an advocate and ambassador for the credit union.

## **Composition**

Innovation's Board is currently comprised of 12 members of the credit union, elected by the membership. Upon becoming a federal credit union, Innovation's Board will be comprised of 13 directors, and the CEO will be a director.

The Chair and 1<sup>st</sup> and 2<sup>nd</sup> Vice Presidents are elected by the Board.

A quorum requires the attendance at meetings to be a majority of Board members.

## **STANDARDS OF CONDUCT:**

Directors are legally and morally responsible for all activities of the credit union. Directors are required to:

- Act independently from the executive leadership team and senior management in accordance with Innovation's *Director Independence Policy*.
- Ensure no misuse of the position as a director or improper use of information acquired directly or indirectly to gain a personal advantage or to the detriment of the credit union.
- Demonstrate high ethical standards of integrity and conduct.
- Maintain confidentiality of all confidential information received in his or her capacity as a director.
- Avoid conflicts of interest.
- Act honestly and in good faith with a view to the best interests of the credit union.



- Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- Support a strong, unified and respectful Board that speaks with one voice; publicly support the actions decided by a majority vote of the Board unless the actions are unethical or illegal.
- Be prepared to register dissent if that is his or her considered opinion on an issue.
- Annually, sign the credit union's *Code of Conduct*.
- Not be in violation of the credit union's policies or bylaws.
- Be able to attend regular meetings of the Board.

### **ELIGIBILITY REQUIREMENTS:**

Board members of Innovation must, at all times during their tenure on the Board, meet the eligibility requirements of the governing legislation, the regulator's guidelines, and by-laws of the credit union. In general, directors:

- Must be at least 18 years of age,
- Must be a member of the credit union for minimum of one year as of the closing date for nominations,
- Must not have loans or credit in arrears with the credit union or other financial institution, and must not be named in a judgment debtor in any legal action for debt,
- Must not have been involved in any legal proceedings against the credit union or in dealings with any financial institution that has caused a financial loss, either as an individual or in an ownership capacity with any group or organization,
- Must not be a spouse of a person involved in any legal proceedings against the credit union, or any of its affiliates or subsidiaries,
- Must not be a board member or employee of a business selling competitive products and/or services except as a representative of the credit union,
- Must be prepared to use the credit union as his or her primary financial institution,
- Must not be a spouse of a person who is employed in an executive management position in the credit union or is a director of the credit union,
- Except for the CEO, is not an officer or employee of the credit union or any of its subsidiaries;
- Must be, and remain, eligible for fidelity bonding, and
- Have a credit history that is acceptable to the credit union.

### **TERM OF OFFICE:**

Directors are elected by the membership of the credit union and serve three (3) year staggered terms, after which he or she is eligible for re-election.



## **BOARD ACTIVITY**

The Board meets on a regular schedule that it develops and at the call of the chair. Directors will be provided with a minimum meeting notice of (7) seven days for in-person meetings, and not less than 24 hours for telephone or virtual meetings. The chair may also authorize a special meeting upon 48 hours written notice.

## **Committees**

Directors will be asked to serve on Board committees. The standing committees are: the Audit & Finance Committee, Corporate Governance & People Committee, Risk & Conduct Review Committee, Community & Member Relations Committee, and Technology Committee.

To assist Board committees in being effective and productive, directors are expected to:

- Participate on committees and become knowledgeable about their purposes and goals.
- Understand the process of committee work and the role of management and staff who support the committee.
- Become knowledgeable about the charters for the committees on which they serve.

## **Preparation**

Directors must devote the time and attention necessary to make informed decisions on issues that come before the Board. While management provides directors with information needed to discharge their responsibilities, directors must ask for all information they believe necessary to make an informed decision. Requests for information should be directed through the Board chair or committee chair.

In addition, all directors are expected to:

- Read materials before meetings, analyze the information and do independent research if necessary.
- Attend meetings prepared to discuss the issues.
- Make reasonable inquiries about information provided by management to ensure it is clear and correct.
- Ensure they have acquired adequate information necessary to make decisions.

## **During Meetings**

Directors are expected to be actively engaged in the work of the Board and add value to that work. Directors who have particular areas of expertise are expected



to use their unique skills and experience to the Board's benefit; for example, by leading areas of Board investigation or discussion within their area of expertise.

In addition, during meetings, directors are expected to:

- Bring experience, wisdom, judgment and influence to bear constructively on issues,
- Interact with fellow Board members and management respectfully and constructively,
- Speak and act independently while remaining a team player,
- Express opinions in a clear, organized and relevant manner,
- Express points of view for consideration even if they seem contrary to other opinions expressed.
- Ask probing questions,
- Listen to and be tolerant of other perspectives,
- Be adaptable, flexible and open-minded in considering and implementing change,
- Exercise a logical, rational approach to problem solving,
- Analyze issues from many perspectives and consider the effect of decisions on Innovation's internal and external environments (e.g.: staff, members, stakeholders, community),
- Be innovative and/or resourceful in finding or developing solutions,
- When possible, advise the chair before introducing significant and previously unknown information.
- Exercise good judgment,
- Act in Innovation's best interest rather than their own best interest or in the best interest of a region, special interest group or constituency,
- Focus inquiries on issues related to strategy, policy, implementation and results rather than issues relating to Innovation's day-to-day management, and
- Once Board decisions are made, support those decisions positively.

### **Between Meetings**

Between Board meetings, directors should actively participate in Director attended functions, monitor communications and information posted for Directors, and be available as a resource to management and the Board and communicate with the Board chair and CEO as necessary and appropriate.

### **Meeting Attendance**

Directors are expected to attend all regular meetings, Annual Meeting, special meetings (such as planning session) and relevant committee meetings. Each director is required to attend a minimum of two thirds (2/3<sup>rds</sup>) of the Board



meetings per year, unless the director has provided advance notice with good cause, and the Board has approved his or her absences.

If a director fails to attend the required number of meetings in a year or misses three (3) consecutive meetings without the approval of the, his or her office shall be declared vacant by the Board and the vacancy shall be filled.

When a director is absent from a meeting, he or she has an obligation to be aware of all the issues to be dealt with at that meeting. The director must also register their opposition to matters they do not agree with, by contacting the chair prior to the meeting.

### **EXPECTED ANNUAL TIME COMMITMENT:**

All directors can expect the following time commitment:

- Quarterly board and committee meetings (10 days)
- Board / director development (2 days per year)
- Strategic Planning (2 days per year)
- External training (2 - 4 days per year)
- Meeting preparation (10 -12 hours per quarter)
- Travel time - as required

### **REMUNERATION:**

Remuneration for Board members will be in accordance with Innovation's *Elected Officials and Remuneration Policy*.

### **INDUSTRY KNOWLEDGE**

Since well-informed directors make better decisions, directors should become knowledgeable about:

- Innovation's Board Approved policies,
- The Regulatory environment and pertinent Acts, Regulations and Guidelines.
- Innovation's business – strategic direction and goals, operations, finances and human resources,
- Enterprise risk practices consistent with oversight of a financial institution.
- The business environment in general and the financial services and credit union sectors, including the federal environment,
- Events and broad issues in Innovation's industry sector,



- Innovation’s operating model,
- Innovation’s products and services (through personal use), and
- Best practices for corporate governance.

## **RELATIONSHIP WITH MANAGEMENT**

Directors must respect management’s organization structure. They have no authority to direct staff members except the CEO, who reports to the Board chair. Directors should direct questions or concerns about management performance through Board and committee meetings or through the Board chair to the CEO.

## **BOARD COMPETENCIES**

Innovation’s Board has an appropriate representation of directors with relevant financial industry and risk management expertise. Collectively, the Board is expected to have the following competencies:

- Corporate Social Responsibility and Community Involvement
- Co-operatives and Credit Unions
- Audit & Compliance
- Financial Literacy and Financial Acumen
- Governance and Ethics
- Leadership
- Board, CEO Performance and Human Resources
- Regulatory Environment
- Enterprise Risk Management
- Strategic Planning
- Technology

Further information can be found in the *Director Development Guide*.

## **EXTERNAL COMMUNICATIONS**

Each director has an important role as an ambassador for Innovation but should not speak on behalf of Innovation without appropriate authority from the Board chair.

## **REGULATORY COMPLIANCE CHECKS**

Directors are required by its regulator to submit certain documents prior to a taking office and every subsequent five years while holding a position on the Board.

In particular, following confirmation that an applicant wishes to stand for election, the Corporate Governance & People Committee will work with candidates and a third-party agency to obtain their consent and attestation on materials which allows the third party to conduct the following background checks:



- Criminal records
- Records of securities-related sanctions or disciplinary actions by a professional regulatory body
- Evidence that the individual possesses the required education, skills, professional qualifications and experience,
- An attestation that the individual has not been held liable in a civil proceeding in connection with financial or business misconduct, fraud or mismanagement of an entity, and
- An attestation that the individual has no conflicts of interests that could create a material risk that the individual will be unable to discharge his or her duties with integrity and in the best interests of the credit union.

In the event of an adverse finding with regard to any of the background checks, the Corporate Governance & People Committee will document its decision and inform the candidate.