



TERMS OF REFERENCE & PROFILE: Director of the Board
DATE: July 2024
REPORT TO: Membership

PURPOSE

This Director Profile provides an outline and summary of the requirements and skills that an Innovation Federal Credit Union Director should possess to be effective in the role. The Board of Directors (the “Board”) has ultimate accountability for the governance of Innovation Federal Credit Union (“Innovation” or the “Credit Union”) pursuant to governing legislation and bylaws.

The Board sets the ‘tone from the top’, in which, Innovation is a game-changing organization that rewrites traditional play books. We stand out and create disproportionate member value relative to our size and resources. We have big dreams and know how to get things done. Innovation has a palpable “buzz” and a breakaway business model with a spirited organization culture.

RESPONSIBILITIES

The detailed role and duties of the Board can be found within the *Board Mandate*.

MEMBER OBSESSED: *We create effective, simple, and memorable experiences to drive growth.*

To fulfill the fiduciary duty of the Board, it is imperative that there is a well established relationship between the Board and management, credit union members, other stakeholders and other Board members.

The role of the Board focuses on governance, not on management. Within legal and regulatory restrictions, the Board will clearly delegate operational decision-making and authority to the CEO who, shall execute that authority within the governance and risk management frameworks put in place by the Board to ensure its ability to be accountable to the Credit Union’s member/owners and stakeholders. The Board retains a risk oversight role, which includes: the review of management decisions, interaction with oversight roles, the adequacy of systems and controls, and the implementation of policies.

The cooperative values are a pivotal piece of Innovation, it’s what guides the Credit Union. Directors are cognizant of the principles when making decisions.



THRIVING TEAMS: *We invest into our people to create an engaged organization.*

Innovation's Board must have an appropriate representation of directors with relevant financial industry and risk management expertise. Collectively, the Board is expected to have the following competencies, as set out in the *Board Competency Matrix*:

- Stakeholder Engagement & Community Leadership
- Leadership with Co-operatives
- Risk Identification & Management
- Digital Technology
- Financial Literacy
- Accounting
- Governance & Ethics
- Senior Leadership Experience
- Other Board Experience
- Human Resources & Compensation
- Regulatory & Compliance
- Financial Services Industry
- Strategic Planning & Sustainability
- Growth & Market Expansion
- IT & Security

Directors are encouraged and expected to follow the *Director Development Policy*, which includes completing a development plan and actioning items set out in the said plan.

Each director understands and practices the corporate culture at Innovation, it's who the Credit Union is.

ACCOUNTABILITY: *We take ownership of problems and fix what's broken. When we think we've made a mistake (we all do), we ask. We're best when we collaborate and share in success.*

Since well informed directors make better decisions, directors should become knowledgeable about Innovation's:

- Board approved policies
- Regulatory environment, including: pertinent acts, regulations and guidelines
- Strategic direction, goals, operations, finances and human resources
- Enterprise risk practices and frameworks
- Operating model
- Business environment in general, financial services and credit union sectors (including the federal environment), and
- Products and services (through personal use).

They should also be informed on:

- Industry sector events



- Broad issues that could affect the credit union (economic, financial sector etc.), and
- Best practices for corporate governance.

Preparation

Directors must devote the time and attention necessary to make informed decisions on issues that come before the Board. Management provides directors with the information needed to discharge their responsibilities, however directors may ask for more information if they believe it necessary to make an informed decision. Requests for information should be directed through the Board 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.

Between Meetings

Between Board meetings, directors should:

- actively participate in Director attended functions,
- monitor communications and information posted for Directors,
- be available as a resource to management and other directors as it relates to the credit union, and
- communicate with the Board chair and CEO as necessary and appropriate.

RESPECT: *we are courteous and concerned. We recognize that the thoughts and backgrounds of others are as important as our own. We consider what others are feeling and what they might be going through, because we believe in treating everyone with decency and dignity.*

It is expected that directors 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. During meetings, this may include:

- Bringing experience, wisdom, judgment, and influence to contribute constructively on issues,
- 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,
- 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 members and stakeholders
- 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 the best interest of Innovation at all times, 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, culture, risk and results rather than day-to-day management of the credit union, and
- Support the decisions made by the Board.

INTEGRITY: *We say what we do; We do what we say. We speak the truth, kindly. We do the right thing, even when it's hard, and we honour the commitments we make to each other.*

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

- Act independently from the executive leadership team and senior management in accordance with Innovation's *Director Independence Policy*.
- Ensure there is no misuse of the position as a director including the 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 sensitive information received in their capacity as director.
- Avoid conflicts of interest and disclose, to the Corporate Secretary, any potential conflicts of interest as they may arise.
- Act honestly and in good faith with the best interests of the credit union in mind.
- Avoid any undue influence from outside parties, including foreign.



- 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.
- Register dissent if that is their opinion on an issue.
- Annually, acknowledge the credit union's *Code of Conduct* and always abide by it.
- Not be in violation of the credit union's Policies, Code of Conduct or bylaws.
- Attend at minimum two thirds of regular meetings of the Board and Committees.
- Remain a member in good standing of the credit union during their tenure as director.

COMMITTEES

Directors will serve on two (2) Board committees. The standing committees are: Audit Committee, Governance, People and Conduct Review Committee, Risk Committee, and the Community and Member Relations 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, the role of management and staff who support the committee.
- Become knowledgeable on the terms of reference's for the committees they are members of.

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 Governance, People and Conduct Review 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 Governance, People, and Conduct Review Committee will document its decision and inform the candidate.

REMUNERATION

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