



TERMS OF REFERENCE & PROFILE:	Director of the Board
DATE:	January 2018
REPORT TO:	Membership

PURPOSE OF THE BOARD OF DIRECTORS:

The board of directors has ultimate accountability for the governance of the credit union, pursuant to governing legislation and by-laws.

The relationship between the board and management, members, other stakeholders and the 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 it 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 President, 1st Vice President and 2nd Vice President. In addition, directors will be asked to serve on committees: Audit & Finance Committee, Corporate Governance/People Committee, Risk & Conduct Review Committee, Community & Member Relations Committee and any others that may be required. Directors may be removed from the board as specified in the credit union by-laws.

The board of directors is responsible for:

- submitting to the general meeting any matter requiring member approval as detailed in the Credit Union Act, Regulations or by-laws,
- appointing the external auditor,
- filling a vacancy on the board or a committee,
- appointing or removing the CEO,
- appointing or removing the Chair/President 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 statement,
- approving the annual budget, and business plan,
- approving related party transactions as required,
- establishing procedures for prudent investment standards,
- delegating lending limits provided by the Credit Union Deposit Guarantee Corporation,
- approving the making of loans to, or guarantee obligations of, its executive within legislated parameters,
- approving and reviewing governance policy,
- being an advocate and ambassador for the credit union.



COMPOSITION OF THE BOARD OF DIRECTORS:

- The Board of Directors is comprised of ten members of the credit union, elected by the membership.
- A Chair, a 1st and 2nd Vice President will be elected by the board.
- A quorum requires the attendance at meetings of a majority of board members.
- The board may, at its discretion, appoint a recording secretary. The CEO serves as Corporate Secretary.

AUTHORITY OF THE BOARD OF DIRECTORS:

The directors of the credit union constitute its governing and managing body with authority to exercise all the powers of the credit union, except where their powers are expressly restricted by statutes or by-laws.

The board shall appoint the CEO to manage the business of the credit union within the policy and strategy framework approved by the board.

The functions of the board of directors can only be performed by the board as a whole and cannot be assumed by any one individual director.

Authority to review issues and recommend action to the board can be specifically delegated by the board to committees or by assignment of duties to individuals.

No individual member of the board has the power to direct or engage in any management function.

Matters of concern to individual directors will be brought forward for consideration of the board for appropriate action.

MEETINGS OF THE BOARD OF DIRECTORS:

The board of directors meet on a regular schedule that it develops and at the call of the Chair. Directors will be provided with a minimum meeting notice of seven days for in-person meetings, and not less than 24 hours for telephone meetings.

Remuneration for board members will be in accordance with the credit union's remuneration policy.

KEY RESPONSIBILITY AREAS:

KRA #1 – People

- Selects, employs, and evaluates the Chief Executive Officer.
- Approves policies which govern the administration of Human Resources.
- Participates in selection and development of board members, where primary responsibility for this activity is assigned to a board committee.
- Attends and is prepared for meetings of the board and board committees.
- Actively participates in the board's discussion and decision-making process.

KRA #2 –Growth

- Inspires confidence in credit union services.
- Regularly evaluates and reviews the credit union's operations and maintains standards of performance.
- Ensures that the corporate and financial performance of the credit union is adequately reported to members, other security holders and regulators on a timely and regular basis.
- Reports annually to members on the board's stewardship for the preceding year (the Annual Report and Annual General Meeting).
- Supports community involvement of the credit union through business plan and budget approval.
- Understands and interprets the work of the credit union in the community.
- Participates in other co-operative affiliations as required.
- Maintains good relations with other co-operative organizations and strategic partners by encouraging and striving for coordination, cooperation and feedback.

KRA #3 – Business

- Understands the difference between governing and managing, and acts on governing.
- Understands the business affairs of the credit union and its relation with strategic partners and its members.
- Understands credit union system principles and structure.
- Develops and monitors the strategic plan.
- Approved and monitors the annual business plan.
- Understands and keeps up-to-date on the financial services industry and with economic and credit union issues in order to provide informed and thoughtful input on strategic and business plans, and to form an independent judgment on those plans.
- Contributes to the development of vision, mission and value statements for the organization.
- Approves strategies and budgets for the business operations of the credit union.
- Establishes the objectives, performance targets and policies of the credit union.
- Monitors how effectively the credit union is achieving its strategic plan.

KRA #4 – Finance

- Ensures information is obtained before making decisions.
- Ensures adequate financial structure, policy and performance of the credit union, including budget preparation, review and approval.
- Approves and monitors the corporate finances of the credit union.
- Creates a financial climate for fulfilling the credit union purpose.
- Sees that sufficient funds are available for the credit union to meet its objectives.
- Approves expenditures dealing with the purchase of capitalized land, buildings, and equipment.
- Approves policy in regards to rates, dividends and investments.
- Ensures both long and short term financial plans are complete and approved.
- Ensure adequate capital planning
- Ensure adequate liquidity planning

KRA #5 – Risk

- Ensures that the credit union meets legal requirements for the conduct of its business and affairs.
- Recommends by-laws and ensures that the credit union operates within them.
- Approves and adopts policies which determine the purposes, governing principles, functions and activities, and courses of action of the credit union.
- Willing to acquire the knowledge of the business of the credit union and enterprise risk management to be able to understand, assess and set acceptable levels of risk.
- Reviews reports on enterprise risk management and assumes responsibility for the risk.
- Monitors the activities of the credit union, including: reviewing reports of appropriate committees; confirming, modifying, or rejecting proposals; counseling and providing judgment of plans of committees or the Executive; and, considering and deciding issues.
- Ensures good relationships and communication with regulators.
- Authorizes and approves the annual audit.
- Ensures that proper internal controls and disaster recovery plans are in place to protect the people and financial assets of the credit union.

STANDARDS OF CONDUCT:

- Directors are legally and morally responsible for all activities of the credit union.
- Ensures 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.
- Demonstrates high ethical standards of integrity and conduct.
- Maintains confidentiality of all confidential information received in his or her capacity as a director.
- Avoids conflicts of interest.
- Acts honestly and in good faith with a view to the best interest of the credit union.
- Exercises the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- Approves ethical conduct standards and ensures adherence.
- Supports a strong, unified and respectful board that speaks with one voice. Every director must 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 your considered opinion on an issue.

ELIGIBILITY REQUIREMENTS:

Board members of Innovation Credit Union must, at all times during their tenure on the board, meet the eligibility requirements of the Credit Union Act, Standards of Sound Business and Financial Practices, and by-laws of the credit union.

- Have been a member in good standing for a minimum of one year.
- Must be, and remain, eligible for fidelity bonding
- Have a credit history that is acceptable to the credit union.
- Reside in the trading area.
- Not be in breach of his oath of office as a director, including but not limited to confidentiality of credit union or member information.
- Not be in violation of the credit union's policies or bylaws.



ELIGIBILITY REQUIREMENTS cont...

- Must not be involved, as an individual and/or in an ownership capacity with any group or company, in any legal action or dispute with the credit union or with any other financial institution.
- Must not be a board member or sales representative of any other financial institution, except as a representative of the credit union.
- Must be able to attend regular meetings of the board of directors.
- Must conduct a significant portion of his/her financial business with the credit union, in order to demonstrate confidence in the credit union.

Failure to meet the eligibility requirements will result in immediate disqualification from the board.

Each year, directors are required to sign the Code of Conduct and Ethics, indicating they have read and will comply with the policy.

A director is required to attend a minimum of two thirds of the board meetings per year, unless the director has provided advance notice with good cause, and the Board of Directors has approved the director's absences.

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

Non attendance - even if a director does not attend the meeting he/she has an obligation to be aware of all the issues to be dealt with at the meeting they will not be attending. They must register their opposition to matters they do not agree with, by contacting the chair prior to the board meeting.

TERM OF OFFICE:

Directors are elected by the membership of the credit union and serve three-year staggered terms.

Maximum term - a director cannot be on the board for more than four-three year terms.

EXPECTED ANNUAL TIME COMMITMENT:

Board meetings	4 - ½ days
Board committee meetings	
Audit & Finance	4 – 3 hour meetings
Risk & Conduct Review	4 – 3 hour meetings
Corporate Governance/People	4 – 2 hour meetings
Community & Member Relations	4 – 2 hour meetings
Meeting preparation	10-12 hours per quarter
Board / director development	2 days
Strategic Planning	2 days
System meetings	1-4 days

DIRECTOR DEVELOPMENT:

Directors are allocated a development and training budget to encourage them to further develop their knowledge and skills. Each director is required to complete a three year training plan. The Credit Union system offers a variety of conferences with sessions that are applicable to the role of directors. The directors are encouraged to participate in a certain level of conferences or sessions; specifically, CUC Annual Meeting & Conference, CCUA Conference, CUES, WOCCU Annual Conference, and the Credit Union Directors Conference

The following schedule of education and training is strongly recommended to all directors.

Core	Required	All New Directors: (defined as directors starting the first term of potentially 4 consecutive 3 year terms) <ul style="list-style-type: none"> • Orientation • CUDA - Level A Foundations of Governance • Financial literacy at the Strong level • Risk management at the Strong level • Strategic planning at the Strong level • Media training 	Completion Timeframe
			2 months post start of term
			12 months post start of term
			within the first term
			within the first term
			within the first term
			within the first term
Developing	Elective	<ul style="list-style-type: none"> • Accredited Canadian Credit Union Director • Certified Credit Union Director(CCD) CUES • Relevant Industry/Technical competency courses • Relevant conferences • Relevant webinars/seminars/workshops, etc 	determined by the director's annual L&D plan
CProfessional	Elective	<ul style="list-style-type: none"> • Directors Education Program / ICD.D designation • Chartered Director designation (C.Dir.) 	determined by the director's annual L&D plan
Committee Chairs	Required	Core level plus: <ul style="list-style-type: none"> • Industry/Technical competency at the Strong-Expert level applicable to the committee's mandate • Leadership training 	as soon as possible post re-org meeting if competency development is required (within 12 months is ideal)
Board Chair	Required	Core level plus: <ul style="list-style-type: none"> • Industry/Technical competency at the Strong-Expert level for Governance/Ethics and Risk Management • Leadership and Conflict Resolution training 	as soon as possible post re-org meeting if competency development is required (within 12 months is ideal)

Competency Framework Outline

Competency	Definition
Corporate Social Responsibility/Community Involvement	Refers to knowledge of Corporate Social Responsibility skills and practices with respect to economic, social and environmental practices and their impact on sustainability. As a cooperative this also includes volunteer work, promotion of social causes, or donations to local charities and organizations.
Co-operatives & Credit Unions	Refers to knowledge about democratic organizations owned by their members, who participate in the co-operative on the basis of one member, one vote and how they contribute to the social and economic well-being of our members and their communities. Includes understanding of how the credit union system, how credit unions' infrastructures inter-relate and how they enable the effective and efficient delivery of services while managing regulatory and risk requirements.
Financial Industry Knowledge	Refers to the knowledge of the specific areas of business that are especially important for financial institutions. Must understand the unique nature of financial institutions and the risks assumed relative to other corporations. Includes continuous monitoring of the market place and understanding members' needs and perspectives. Take account of the inter-dependent issues in the macro economy such as regulation, delivery system, asset protection and return on capital. Includes an understanding of the provincial and federal regulatory environments and the differences between the two.
Financial Literacy / Financial Acumen	The understanding of financial reports and statements, accounting standards and related legislative requirements in order to effectively oversee the financial performance, controls and conditions of the credit unions. Includes ability to understand, probe, question and seek assurances from management and auditors (external and internal) that the financial statements present fairly the financial position of the credit union. Board members must be confident in the ability to understand the results of operations, and that the credit union has adequate capital for the risk profile and to achieve the strategic plan. Familiarity with portfolio management, financial instruments, and budget processes.
Governance & Ethics	The process and structure used to direct, oversee and protect the operations of the credit union through robust governance practices. Ensures that governance of the credit union is effective and efficient and fairly considers the viewpoints of stakeholders. Includes the understanding and applying of both the "hard" structural elements and the "soft" behavioural factors of governance excellence that enhance performance, accountability and integrity. Safeguard ethical behaviour through ensuring transparent and robust disclosure while maintaining privacy and confidentiality.
Leadership (New)	Ability to contribute to a strong working relationship with management and fellow board members through building trust, honesty and mutual respect. Contribute constructively to an open environment for the expression of diverse ideas, opinions and to encourage healthy debate. Through strong collaborative skills, build consensus and shared understanding with fellow directors. Foster innovation and creativity.
Human Resources	Knowledge of compensation, leadership and talent programs and how to apply these to the organization to align with strategic plans and desired culture. Involved understanding the mechanics of compensation plans, performance management, talent management and succession planning. Included having a strong knowledge of the employment market place within the region of which Innovation Credit Union operates.

Regulatory Environment (New)	Demonstration of an appropriate level of knowledge and understanding of the regulatory environment, policy development and the policies required to meet legal and regulatory requirements.
Risk Management	The knowledge and process needed to identify, assess and adequately mitigate critical risks. Involves understanding of how to actively monitor risk; how risks are interconnected, and recognizing the potential of compounding risks should unfavourable events occur simultaneously. Includes the ability to probe, question and seek assurances from management and auditors (internal and external) that there are controls and a process in place to ensure enterprise-wide risk are within established risked tolerances.
Strategic Planning	The knowledge of the strategic planning process, through which potential returns and risks of strategy options are weighed. Involves understanding how to advise on strategy taking into account: the credit union's current position, its desired future state, the financial services industry, members needs and perspective and the environment in which the credit union operates. Includes the ability to understand, probe and question potential future strategic outcomes and the risks and capital exposure that may result. Ensures that strategic direction is sound, actionable and executed as per the plan.
Technology (New)	Refers to knowledge and ability of directing and governing technology strategy development, organizational planning and investment to maximize the competitive use of technology and enhance performance levels at all levels of organization. Includes the ability to make quality judgements and decisions on business technology and data use and overseeing technology risk. Includes knowledge of: current and emerging business technologies, enterprise technology architecture in relation to infrastructure investment to achieve business goals, information and data security and privacy risks and their mitigation, and experience in a board-level governance oversight of large scale IT project investments.