



**BOARD OF DIRECTORS INFORMATION
AND
CANDIDATES APPLICATION PACKAGE**



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LETTER FROM THE CHAIR OF THE NOMINATING COMMITTEE

Dear Prospective Board Candidate:

Thank you for your interest in serving as a Director of The Police Credit Union. We value the dedication and commitment of our members, particularly those who choose to participate in our nomination and election process.

This package provides you with all the information that will clarify the qualification criteria for Candidates and expectations of Board Members in their role of governing the Credit Union. You will also find everything that you need to complete the nomination process.

Annually the Board appoints a Nominating Committee to ensure members are fully informed of the nomination process and the election process, to consider the qualifications of candidates in order to recommend to members those candidates whose election would ensure the highest quality board and ideal skill composition. The Committee will also be screening for consistency with the Director Core Competencies established by the Deposit Insurance Corporation of Ontario (DICO) now the Financial Services Regulatory Authority of Ontario (FSRA).

Details about the Committee's Recommendation Process are included in this document.

If you decide to proceed with applying for nomination as a Candidate, please complete the Candidates Application Package along with the required documents and submit all forms no later than January 25th, 2022.

If you have any questions regarding the information, please contact the Chair of the Nominating Committee at 647-800-9483 or via email at ChairoftheNC@tpcu.on.ca.

Sincerely,

Mike Sharp
Chair of the Nominating Committee, Board of Directors

IDEAL DIRECTOR PROFILE

The Police Credit Union (TPCU) expects each Director to meet certain individual qualifications and the Board to possess knowledge and experience relevant to its mandate and operations. In general, Directors shall have the ability to act in the best interest of TPCU, and independently of any particular interest arising as a result of any previous, existing or future relationship with TPCU, its members, or suppliers.

Board members must have the ability to operate “as a team” at the Board level and to be able to “speak with one voice” once a full discussion has been undertaken and a decision has been made by the Board in accordance with its governance policies.

Such individuals must also be self-directed, collaborative Directors who demonstrate highly developed interpersonal skills, and an ability to work collegially while maintaining independence of perspective.

Directors must be prepared to commit the required time and energy to serve as a Director for the Credit Union including a commitment to maintain up-to-date knowledge of industry standards and global trends impacting The Police Credit Union.

The overarching requirement is for the ideal Director candidate to have significantly developed business judgment and financial acumen and to demonstrate an ability to understand complex business issues, analyze them objectively and reach sound decisions efficiently and effectively in a time frame appropriate to the circumstances.

The Credit Union’s Regulator, the Financial Services Regulatory Authority of Ontario (FSRA) (formerly known as DICO) expects the Directors of all credit unions in Ontario to have an appropriate level of competencies and skills that are appropriate according to the level of complexity the credit union operates within.

Each Director shall perform an annual self-assessment, prepare, and maintain an ongoing development plan, and undertake any required training/ development requirements to achieve a strong competency level within the timeframes established by the Credit Union.

The Police Credit Union conducts an annual skills analysis for its Board of Directors to assess priority areas for candidate skills and experience. Based on this assessment, in the candidate nomination process, preference will be given to those Candidates whose specific additional skills and experiences best complement the existing skill sets on the Board of Directors.

WHAT YOU CAN EXPECT - PARTICIPATION, EDUCATION, TIME ALLOCATION, RENUMERATION AND OTHER COMPENSATION

The information found below identifies and briefly describes your obligations should you become a Director of the Credit Union and the required time commitment involved. Elected Directors are expected to actively participate in Board and Committee meetings and are encouraged to attend other Police Credit Union related organizational and community activities. Ongoing Director education and training programs are also functions expected of an elected Director.

PARTICIPATION

Full Board

The Board consists of seven (7) Directors, each elected by the membership for a term of three (3) years, subject to a term limit of five (5) consecutive terms in office. The Board as a whole is responsible for establishing the corporate strategic direction of the Credit Union, review policies to ensure effective governance, monitor performance standards, and measuring those achievements.

Committees

The Board has established several Committees that are assigned responsibilities to assist the Board in carrying out its mandate. The standing committees are as follows:

- Audit Committee
- Policy Committee
- Enterprise Risk Management Committee (ERMCO)
- Nominating Committee
- Scholarship Committee
- Governance Committee

Most Directors sit on more than one Committee. Attendance at all Board and Committee meetings is expected to be in person or by Zoom conference.

Related Organization and Community Events

The Board of Directors, from time to time, will be asked to participate in various events within the policing community. Whether it is speaking to Recruit Classes on the benefits of becoming members of the Credit Union or attending Police Retirement functions, our Board of Directors should constantly seek out new ways to strengthen relationships within the policing community.

EDUCATION - *“We look for character and train for competency.” Gary Leitch, Past Chair*

The financial industry is forever changing, with new legislations, regulations, and policies from governing bodies, it is crucial that continuous training sessions and courses be taken throughout a Director’s term. The Police Credit Union considers training and development programs for our Directors to be important in assisting them in understanding the roles and responsibilities of being a Director of a credit union.

Directors are required to complete the Credit Union Directors Achievement Program (CUDA Program) within the first term (3 years) after election. Designed for credit union directors, this program is a road map to the knowledge and skills required to effectively govern co-operative financial businesses. The program is

developed and hosted by “Cusource” - the Professional Development and Education arm of the Canadian Credit Union Association and has been nationally recognized since 1988.

Upon graduation of the CUDA program, directors will be well positioned to achieve the appropriate level for each of the following competencies.

Director Competency Descriptions

1. Audit and Compliance

Directors must have an understanding of the risks facing the institution and, the ways in which management addresses and mitigates those risks and must ensure that the financial statements accurately reflect the activities of the Credit Union. These functions are assessed through the activities which are carried out by a combination of internal and external auditors which involves systematically reviewing key risks and ensuring that any identified weaknesses or deviations from policy and legislative requirements are rectified by management.

2. Board and CEO Performance

The Board is required to conduct an assessment of its performance and that of the CEO. The Board is ultimately responsible for the success and viability of the Credit Union through the skills and capabilities of its Directors. It supervises the affairs of the Credit Union through its oversight responsibilities and appoints a CEO to manage the day-to-day operations. An objective evaluation and assessment of the Board and the CEO are important requirements to ensure that responsibilities are effectively undertaken and that any deficiencies are appropriately and quickly identified and addressed. Directors contribute as Board members in ensuring that the compensation package of the CEO rewards only prudent risk-taking behaviour that promotes the on-going viability of the Credit Union.

3. Credit Union Operations

It is important that Directors have a good understanding of the nature of the co-operative business model and that of the Credit Union and sector, the way the Credit Union functions and the financial, human and technological resources the Credit Union uses in delivering its services.

4. Financial Literacy

Financial literacy involves understanding financial reports and statements, accounting standards and assumptions and legislative requirements to effectively oversee the financial performance and condition of the credit union. A critical element of the success and viability of the Credit Union is the development of an annual business plan and budget which are approved by the Board. Directors are required to understand how these are developed and the types of analysis required to effectively monitor results and variances.

5. Governance and Ethics

Governance includes understanding and contributing to the development and articulation of strategic plans, goals, policies, and processes which govern and guide the way the Credit Union is directed and managed. Directors are expected to provide prudent, independent, and objective oversight to effectively guide and monitor the implementation of strategic initiatives, oversee risk management activities and to participate with the Board as a whole in communicating a cohesive approach and position.

Effective corporate governance is an essential element in the safe and sound functioning of a Credit Union. Structures, policies, and processes only work in practice where there are knowledgeable and competent individuals, with a clear understanding and strong commitment to their roles.

Ethical actions are those that are made in accordance with established laws, rules, and organizational values that are supported by reasoned and objective evidence without any bias of self-interest. Directors are expected to perform their responsibilities in a prudent and objective manner with due regard to the best interests of the Credit Union.

6. Leadership

Leadership encompasses the ability to influence discussions while building consensual solutions. Effective leaders recognize the importance of all participants in deliberations and the importance of constructive discussion and debate. Leaders are effective communicators. Leadership involves approaching initiatives from a strategic perspective, championing new initiatives, and working towards their achievement to deliver quality services to the members and improve the longer-term viability of the Credit Union.

7. Regulatory Environment

The Credit Union operates in a regulated environment and is governed by the *Act* (including Regulations), DICO By-laws, other legislation, and its by-laws. The *Act* sets out how the credit unions are structured and the special nature of the Credit Union governance structure, business powers and lending and investment restrictions and limitations. Further clarification and guidance are provided in DICO By-laws including By-law #5 covering Sound Business and Financial Practices.

8. Risk Management Oversight

The Board is responsible for the oversight of the credit union's risk management practices, including Enterprise Risk Management. Risk management involves identifying, measuring, and managing significant risks and events that may impact an organization's objectives. It encompasses policies, procedures, and controls and how risks are managed.

9. Strategic Planning

Strategic planning is part of a regular process that helps determine or confirm the Credit Union's overall longer-term direction or vision. It includes an analysis of results, existing plans and strategies and an assessment of the current business and operating environment. Strategic planning initiates the annual business planning process. Directors are expected to contribute to strategic planning by understanding the strategic planning process and strategy formulation. This includes having a good knowledge of the credit union's business and operating environment and being prepared for planning deliberations. It also requires collaboration and teamwork in developing an appropriate and effective strategic plan, and monitoring implementation of the plan.

10. Securitization

Securitization is the financial practice of pooling homogeneous types of assets and selling their related cash flows in the form of a security to third party investors to provide funding (i.e., liquidity) for the credit union. Pooled assets typically include residential mortgages, commercial mortgages, auto and equipment loans and leases, credit card receivables or other financial assets' receivables. Investors are repaid from the principal and interest cash flows collected by the Credit Union from the underlying assets.

The Board plays a critical role in setting risk appetite, reviewing and approving the Credit Union's

Securitization Policy and providing oversight of senior management's role of managing the Securitization Framework, program, and practices. This responsibility requires that the Board have the appropriate competencies obtained through training, experience and/or expertise to oversee management's prudent administration of the Securitization Program in which the Credit Union is engaged to ensure they are appropriately mitigating the risks and operating within the Board's risk appetite and limits.

Development and Training Plan

Annually, The Board allocates funds for training and development purposes. It is incumbent on each Director to perform an annual assessment to prepare a development and training plan to maintain their Director Competency Levels.

TIME ALLOCATION

Board meetings are typically held on the fourth Monday of every month, currently in the mornings. It is expected that, in addition to the actual time spent at a Board or Committee meeting, a Director will fully review all materials (i.e., agendas and supporting material) provided prior to attending each meeting. Materials for all Board and Committee meetings are distributed by electronic format generally on Wednesday prior to the scheduled meeting. While the amount of time required for review will vary for each individual, it is not unusual for a Director to spend approximately 1 to 3 hours preparing for a Board or Committee meetings.

The Audit Committee meets bi-monthly and the Enterprise Risk Management Committee (ERMCO) Committee meets at least quarterly. For convenience, Committee meetings tend to be scheduled on the same day of the Board meeting.

The Nominating Committee, Governance Committee and the Scholarship Committee meetings will be scheduled by their Chairs according to when they are required to meet committee mandates.

The Annual Board Planning Seminar usually involves a two (2) day conference. In addition, the Annual General Meeting (AGM) involves up to 3 hours and is held in the evening.

While Directors are expected to attend meetings in person, meetings can be held by webcast and on occasion via telephone conference with permission from the Chair. Travel time to and from meetings will vary with each Director, it is another factor to be considered.

Board Meeting	Held monthly	Allow 2-3 hours per meeting.
Audit Committee	Held Bi-monthly Meets 6 times a year on the same day as the Board Meeting	Allow 1-hour min. per meeting
ERMCO	Held Quarterly Meets 4 times a year on the same day as the Board Meeting	Allow 1-hour min. per meeting
Nominating Committee	Held Quarterly	Allow 1-hour min. per meeting
Scholarship Committee	As required	Allow 1-hour min per meeting
Governance Committee	As required	Allow 1-hour min per meeting
Annual General Meeting (AGM)	Usually held during the last week in April in the evening.	Allow up to 3-hours
Board Planning Seminar	Strategic planning session for Directors generally involve a two-day conference, in mid to late September.	Allow 2 days per Fall session.
Related Organizations & Community Events	As noted in the participation section this will vary depending on the event.	Police retirement function approximately 2-3 hours Recruit class 1-2 hours
Orientation Program	For newly elected Directors usually held following the election and no later than two months after having been elected. Time will vary based on the individual	Minimum 1 to 2 hours to meet with the CEO, Secretary to the Board, Controller and Chair.
Education and Training	Courses vary on curriculum. Training Sessions	On average each course is 2-4 hours. Allow 1-2 hours (or conducted as part of a meeting).

RENUMERATION AND OTHER COMPENSATION- “Taking Care of Our Own”

With everything that is expected of you as a Director, the Credit Union will equip the successful candidate(s) with the necessary tools to fully function in their roles.

- Directors will receive an honorarium in recognition of the time required for Directors to fulfill their responsibilities and participation during their term. Directors who hold a Board Chair or Committee Chair position receive an additional retainer aligned with the requirements of that position.
- Reasonable expenses incurred in relation to fulfilling a Director’s responsibilities will be reimbursed as per policy. Travel, accommodation, and meal expenses may also be reimbursed while on authorized Credit Union business and training.
- The Credit Union will provide funding for all relevant training courses.
- Directors will be equipped with a laptop and a connection allowance provided based on actual costs incurred for internet access.

NOMINATING COMMITTEE'S RECOMMENDATION PROCESS

The Nominating Committee plays an integral role in the process of reviewing nominated Candidates who meet the eligibility requirements. The Committee is required to interview all qualifying applicants and to evaluate the experience, expertise, and qualifications of the Candidate in relation to the specific Director selection criteria established by the Board from time to time.

ONCE THE NOMINATION PERIOD CLOSES:

1. The Nominating Committee will evaluate the candidate's applications.
2. From amongst the valid applications, the Nominating Committee, will identify the Eligible Candidates. To be an Eligible Candidate, you must
 - i) meet the Director eligibility requirements outlined in Appendix A,
 - ii) have one or more of the skills and expertise that would best complement the current Board and that are listed in order of importance in Schedule E.
3. Where the Nominating Committee determines that a proposed candidate does not meet the eligibility requirements, the Committee, through its Chair, advises such individuals verbally or in writing of the decision, with reasons.
4. The Nominating Committee will conduct interviews of selected eligible Candidates via webcast, telephone or in person. Candidates will be contacted to arrange an interview.

If a Qualified Candidate is not available to participate in the interview, at the agreed time and date, the candidate will have forfeited their continuation in the nomination process. An egregious circumstance MAY be considered by the Nomination Committee regarding a possible rescheduling of the interview, however that decision is the sole and final responsibility of the committee.

5. Upon completion of its interviews, the Nominating Committee shall notify in writing the candidates of the outcome of the nomination process (with reason) and the candidate shall confirm their choice to remain in the election or withdraw. The Committee will then place their recommendation behind those identified candidates. There are no restrictions on the number of Candidate's the Committee may recommend.
6. All eligible candidates, whether or not recommended by the Nominating Committee, who choose to stand for election will have their information made available to the membership. The website and other material will indicate which candidates are recommended by the Nominating Committee.

CAMPAIGNING RULES

Apart from the information that will be posted on the Credit Union's website and in branch any formal campaigning by Candidates is prohibited.

For greater certainty, this prohibition extends to all forms of announcing one's candidacy for election, communicating for the purpose of advancing one's candidacy, campaigning, or other campaign activities whatsoever.

Similarly, no communications between candidates related to the election is permitted. Incumbent Directors who are candidates for re-election may communicate with one another or with staff or members in the fulfillment of their duties and obligations as Directors only, but not in the context of advancing their candidacy in the election. All candidates continue to enjoy the right to talk with staff while conducting their ordinary banking with TPCU but must not discuss the election or attempt to advance their candidacy.

ELECTION

The Police Credit Union's elections will be conducted via electronic voting prior to the commencement of the Annual General Meeting, as such there will be no nominations accepted from the floor.

The election results will be presented to the membership at the Annual General Meeting and the successful Candidates will be declared elected.

A member elected as a Director shall take office at the close of the Annual General Meeting at which he or she is declared to have been elected.

NOMINATION, ELECTION PROCESS AND TIMING

Key Activities	Dates
1. Deadline to submit the Candidates Application Package with all required materials (90 days prior to the AGM).	Monday January 25 th , midnight if by email
2. Formal interviews of candidates by Nominating Committee.	Week of Jan 31 st , 2022
3. Nominating Committee determines which candidates are recommended and informs in writing each candidate of its decision.	Tuesday February 15 th , 2022
5. The following is posted on TPCU's website and is available in the branches: <ul style="list-style-type: none"> • Notice of Annual Meeting (max 50 days prior to the AGM) • Nominating Committee Report with recommendation of candidates • Each candidate's photograph, and Statement of Interest. 	Tuesday March 1 st , 2022
6. Electronic voting begins.	Friday April 15 th , 2022 @ 7am
7. Electronic voting ends.	Sunday April 24 th , 2022 @ 8pm
8. Annual General Meeting, held via zoom <ul style="list-style-type: none"> • The results of the election are announced. 	Monday April 25 th , 2022
9. The Nominating Committee asks each candidate to respond to a questionnaire about their experience with the nomination process and any suggestions for improvements.	By end of first week in May 2022
10. The Nominating Committee may call each candidate for a debriefing.	By end of first week in May 2022

CANDIDATE'S APPLICATION PACKAGE - PROCESS FOR APPLYING

Individuals wishing to be Candidates for the Police Credit Union's Board of Directors must be at least 18 years of age, have been a member of the Police Credit Union Limited for a minimum of twelve (12) months and hold 20 shares of \$5 each (\$100) in Equity Shares.

1. A Candidate wishing to make an application **MUST** submit the following forms as a package:
 - a) **Schedule A - Application for Nomination to the Board of Directors.** Without assistance from employees of the Police Credit Union, seek a Nominator and fill out the form in its entirety.
 - b) **Schedule B - Candidate's Undertaking** – to include
 - i. **Statement of Interest** - A written document not exceeding 300 words, which outlines certain areas as noted in Schedule B. This Statement of Interest will be used by the Credit Union in its election materials.
 - ii. **Résumé** - Includes disclosures as outlined in Schedule B.
 - iii. **Photograph** - A recent digital photograph of the Candidate showing the head and upper body that will be uploaded to the Credit Union's website and used for the electronic voting platform. (5"x7" at 300 dpi minimum)
 - c) **Schedule C - Declaration of Economic Interests by a Restricted Party of the Police Credit Union**
 - d) **Schedule D - Requirements to Disclose**
 - e) **Schedule E - Area of Expertise Assessment**
 - f) **Schedule F – Consent** – for collection, use, and disclosure of personal information.
2. A complete Candidate's Application Package with insertions as noted above **MUST** be received via email at ChairoftheBoard@tpcu.on.ca or marked 'Confidential' and submitted to:

Chair, Board of Directors
The Police Credit Union Ltd.
222-105 Gordon Baker Road
Toronto, ON M2H 3P8

NOTE: the completed application package must be received at corporate office by the end of January 25th, 2022 at 5pm or via email by midnight.

If you have any questions regarding the submission or materials of the Application Package, please contact the Chair of the Nominating Committee at 647-800-9483 or via email at ChairoftheNC@tpcu.on.ca.

** A copy of the Credit Union By-laws will be made available if a request is submitted to the Chair of the Nominating Committee at 647-800-9483 or via email at ChairoftheNC@tpcu.on.ca.*

SCHEDULE A - APPLICATION FOR NOMINATION TO THE BOARD OF DIRECTORS

As a member of the Police Credit Union, I nominate the following person for election to the Board of Directors. I have read and meet all of the qualifications outlined in the Requirements to be met by the Nominator.

Candidate Name: _____

Address: _____ City/Prov: _____ Postal Code _____

Phone: (h) _____ (w) _____ (c) _____

Email Address: _____

Nominator's Name: _____

Address: _____ City/Prov: _____ Postal Code _____

Phone: (h) _____ (w) _____ (c) _____

Email Address: _____

Nominator's Signature

Date

REQUIREMENTS TO BE MET BY NOMINATOR

The nominator must:

- a) be a member of the Credit Union for at least twelve (12) consecutive months, is at least eighteen (18) years of age, and is a Canadian citizen or a person lawfully admitted to Canada for permanent residency who is ordinarily resident in Canada;
- b) be a member "in good standing"
- c) is not an employee of the Credit Union, or is a former employee of the Credit Union who has not been employed by the Credit Union in the two (2) years immediately preceding the date of the election
- d) is not then the spouse, parent, or child of an employee of the Credit Union, or of a former employee of the Credit Union if that former employee has been employed by the Credit Union in the two (2) years immediately preceding the date of the election
- e) is not a current Director of the Credit Union

SCHEDULE B - CANDIDATE'S UNDERTAKING

The undersigned hereby applies to be nominated as a candidate for election to the Board of Directors of the Police Credit Union Ltd.

I do solemnly undertake to:

- a) stand for election, and, if elected, to serve as a Director.
- b) observe the provisions of the Credit Unions and Caisses Populaires Act (the "Act"), as applicable, including the provisions of disqualified individuals as outlined in Section 92(1) of the Act.*) (see Appendix B).
- c) comply with the Director's Code of Conduct and the Duties and Obligations of Directors including Conflict of Interest Guidelines adopted by the Board from time to time.
- d) provide full, financial disclosure to the Credit Union, as required by the Board from time to time.
- e) consent to the disclosure of credit and/or personal information to or from any credit-reporting agency.
- f) observe all the Credit Union's By-laws and the rules relating to the elections and the conduct thereof; and
- g) resign from the Board in the event the Board has determined that as a Director, I have ceased to meet the eligibility requirements, as set out in the Credit Union's By-laws or Section 91 of *the Act* or if I have met the test of any of the disqualifying criteria as set out in Section 92(1) of *the Act* during my term of office.

I further understand that in order to be eligible for consideration for nomination, this application must be completed as required, submitted as referenced in the Candidate's Application Package - Process for Applying, and be accompanied by the following documents:

1. A written Statement of Interest, not exceeding 300 words, which:
 - i. provides the membership with enough information about the candidate from a personal and professional perspective to help them understand the skills and expertise the candidate would bring to the Board
 - ii. outlines the candidate's reasons for seeking election to the Board of the Police Credit Union
 - iii. explains why members should vote for this Candidate.

This Statement will be published by the Police Credit Union as received and will be used to inform the membership about the candidate in its election materials.

2. A résumé which includes disclosures outlining the following:
 - a) Experience, expertise, and qualifications of the Candidate
 - b) Candidate's involvement in the police community activities
 - c) Candidate's past and present service as a Director of a Board
 - d) Any formal Director education/training accreditations; and
 - e) Candidate's professional, community or other affiliations or memberships.
3. A completed Schedule C Declaration of Economic Interests by a Restricted Party and/or Related Party of

the Police Credit Union.

4. A recent photograph of the candidate (preferably digital) reflecting an image that shows the head and upper body.

The photo must meet the following specifications:

- 5"x7" at 300 dpi minimum
- Even lighting with a clear, neutral background
- Be taken in colour

5. Having signed this Application for Candidate's Undertaking, the candidate consents to the Police Credit Union reviewing any of the candidate's financial information on file at the Credit Union, and consents to the Police Credit Union conducting a credit check on his/her behalf for the purpose of determining eligibility of the proposed candidate for election to the Board.

DATED AT _____, ONTARIO THIS _____ DAY OF _____, 20_____.

Candidate's Signature: _____

* The Act is accessible at <https://www.ontario.ca/laws/statute/94c11>

SCHEDULE C - DECLARATION OF ECONOMIC INTERESTS BY A RESTRICTED PARTY AND/OR A RELATED PARTY OF THE POLICE CREDIT UNION

Name: _____

Position with the Police Credit Union: _____

Definitions:

Restricted Party (RP): A person or entity is “restricted” in relation to the Police Credit Union Ltd. if they are or have been within the last 12 months:

- a) a Director or officer of the Police Credit Union Ltd.
- b) a spouse of a Director or officer of the Police Credit Union Ltd.
- c) a relative of a person described in (a) or (b) above, if the relative lives in the home of the above and is financially dependent on the person described in (a) or (b)
- d) a corporation/partnership in which a person described in (a) beneficially owns, directly or indirectly, more than 10% of the voting shares; or
- e) a corporation/partnership controlled by a person described in (a), (b), (c), or (d) above

Relative: Means a relative by blood, marriage, or adoption.

Connected Persons (CP):

1. In relation to a member, another person or entity is a “connected person”, if he or she or it is one of the following:
 - a) a corporation in which the member holds or beneficially owns, directly or indirectly, at least 35% of the voting securities
 - b) an affiliate* of a corporation described in (a),
 - c) a person or entity that has a 50% interest in a partnership in which the member also has a 50% interest.
 - d) a partnership in which the member is a partner
 - e) a trust or estate in which the member has a substantial beneficial interest
 - f) a trust or estate in respect of which the member serves as a trustee or in a similar capacity
 - g) a person or entity on whose financial resources the member depends to repay a loan to the Police Credit Union Ltd.; or
 - h) a person or entity that provides security to the Police Credit Union Ltd. for a loan to the party.

In the case of loan applications, if the loan applicant is the core party or one of the persons or entities named below, the loan application must clearly identify the applicant as a Restricted Party and be referred to the Member Credit and Investment Manager at Corporate Office, whether or not the loan is within branch limits. The application may or may not require Board approval.

* “Affiliate” means when one body corporate is affiliated with another body corporate if one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person.

2. In relation to a member who is an individual, another individual is a CP of the member if that other individual is one of the following:

- a) a spouse of the member who is financially dependent on the member
- b) a relative of the member or of the member's spouse who lives in the same home as the member and who is financially dependent on the member or the member's spouse.

Conflict of Interest: Applies when a Director or Officer is/has:

- a) a party to a material contract or proposed material contract with the Police Credit Union Ltd.
- b) a Director or officer of an entity that is a party to a material contract or proposed contract with the Police Credit Union Ltd.
- c) a material interest in a person who is a party to a material contract or proposed material contract with the Police Credit Union Ltd. or
- d) a spouse, parent or child of an individual who is a party to a material contract or proposed material contract with the Police Credit Union Ltd.

Related Party (RLT.PTY):

A person or entity is related to the Police Credit Union Ltd. in connection with the preparation of its financial statements if:

- a) the person or a close member of that person's family has control or joint control over the Police Credit Union Ltd.
- b) the person or a close member of that person's family has significant influence over the Police Credit Union Ltd.
- c) the person or a close member of that person's family is a member of the key management personnel of the Police Credit Union Ltd. (Executive leadership team, Board of Directors and Officers of the Police Credit Union Ltd.; or
- d) the entity (a corporation/partnership) is controlled or jointly controlled by a person identified in a), b) or c).

Close members of the family of a person described in a), b) or c) above are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Police Credit Union Ltd. and include:

- a) that person's children and spouse or domestic partner
- b) children of that person's spouse or domestic partner; and
- c) dependents of that person or that person's spouse or domestic partner.

Parents and siblings are by virtue expected to have influence or be influenced by the individual unless otherwise proven. Family members outside of the immediate family are normally not expected to influence or be influenced by the individual. Possible examples of where non-immediate family members would be considered under the definition of "close members of the family" include situations where they are dependents of the individual, live in the same household, or have strong financial ties.

Control is the power to govern the financial and operating policies of the Police Credit Union Ltd. to obtain benefits from its activities.

Joint control is the contractually agreed sharing of control over an economic activity.

Key management personnel are those persons having authority and responsibility for planning,

directing, and controlling the activities of the Police Credit Union Ltd., directly or indirectly, including any Director of the Police Credit Union Ltd.

Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies. Significant influence may be gained by share ownership, statute, or agreement.

DECLARATIONS: (if blank enter N/A)

Name of Spouse [RP & RLT.PTY]:

1. Is spouse financially dependent on me? [CP] Yes ___ No ___

2. Names of children and other relatives financially dependent on me or my spouse and who live in my home [RP & CP]: Other “close family members” who are expected to influence or be influenced by me (whether or not they are financially dependent) [RLT.PTY]:

A. Names of children of self or spouse/domestic partner:

B. Names of dependents of self or spouse/domestic partner:

C. Names of other individuals who live in the same household as self:

D. Names of other individuals who have strong financial ties to self or spouse/domestic partner:

3. Names of corporations whether or not they are members of the Police Credit Union Ltd. in which I beneficially own, directly or indirectly, more than 10% of the voting shares, and the affiliates [CP] of said corporations: (state percentage) [>10% = RP; >35% = CP]:

4. Names of Corporations, Partnerships or Unincorporated Associations whether or not they are Members of the Police Credit Union Ltd. in which I beneficially own 50 per cent or greater of the voting shares and their subsidiaries: (state percentage [50% = joint control; >50% = control]) [RLT. PTY]

5. Names of corporations whether or not they are members of the Police Credit Union Ltd. in which I or any one of my spouse, children and other relatives named above own shares which carry more than 50% of the votes for the election of Directors: [RP]

6. Names of Corporations, Partnerships or Unincorporated Associations whether or not they are members of the Police Credit Union Ltd. in which any one of my spouse or close family members (identified above) own shares which carry 50% or greater of the voting shares and their subsidiaries: (state percentage [50% = joint control; >50% = control]) [RLT. PTY]

7. Names of Corporations or Unincorporated Associations whether or not they are members of the Police Credit Union Ltd. for which I serve as a Director or officer [CONFLICT]:

8. Names of partnerships whether or not they are members of the Police Credit Union Ltd. in which I am a partner: (state percentage interest and percentage interest of other partners) [CP]:

9. Names of trusts or estates which are members of the Police Credit Union Ltd. and in which I have a substantial beneficial interest [CP]; [RLT PTY]:

10. Names of trusts which are members of the Police Credit Union Ltd. and for which I act as trustee (including accounts on which I act as attorney for property) [CP]:

11. Names of non-relative members for whom I have provided financial assistance, including a guarantee or co-signature for loans from the Credit Union [CP]:

Acknowledgment:

I hereby:

- acknowledge that this declaration is given for the purposes of assisting the Police Credit Union Ltd. in complying with statutory and regulatory requirements relating to transactions with Restricted Parties [RP]; Connected Persons [CP], Conflicts of Interest [CONFLICT] and Related Parties (RLT PTY).
- understand that the questions will not necessarily elicit answers that will disclose all of my relatives who may be “restricted parties” under s. 75 of the General Regulation under the Credit Unions and Caisses Populaires Act, nor all of my relatives who may be related parties under IFRS – IAS 24 – Related Parties.
- undertake to disclose to the Board my connection to any relative who has a material contract or loan with the Credit Union as soon as I become aware of it.
- warrant that the information provided herein is complete and accurate in all material respects as of the date it is given.
- undertake to bring to the attention of the Police Credit Union Ltd. any subsequent information which would necessitate the completion of a new Declaration.

Any declaration I have made above to the effect that I am a Director or officer of a corporation/ partnership/unincorporated association, or have a material interest in a person, shall be regarded as a general notice to the Board of Directors that I am interested in any contract made with that entity or person by the Police Credit Union Ltd.

DATED AT _____, ONTARIO, THIS _____ DAY OF _____, 20_____

Signature of Party

SCHEDULE D - REQUIREMENTS TO DISCLOSE

The Credit Unions and Caisses Populaires Act also requires Board candidates to disclose if they are a party to a material contract or proposed material contract with the Credit Union. You must include the disclosure in your submission if you:

- Are a party to a material contract or proposed material contract with the Credit Union
- Are a Director or an officer of an entity that is a party to a material contract or proposed material contract with the Credit Union
- Have a material interest in a person who is a party to a material contract or proposed material contract with the Credit Union; or
- Are a spouse, parent or child of an individual who is a party to a material contract or proposed material contract with the Credit Union

Please provide details here if any of the above applies.

DATED AT _____ ONTARIO, THIS ____ DAY OF _____, 20_____.

Signature

Name

Witness Signature

Name

SCHEDULE E- AREA OF EXPERTISE ASSESSMENT

Please assess yourself against the DICO/FSRA-required board competencies (please refer to the DICO/FSRA Director Training and Qualifications Application Guide in Appendix C for specific definitions of each competency level). Applicants should understand that the purpose of this assessment is to allow the Nominating Committee to understand what, if any, experience you currently have in the required areas of competency. There is no expectation that you must score highly in this process. A comprehensive training program exists to ensure newly elected Directors reach the required levels of competency within a reasonable period following election.

For each of the areas, please use the following DICO/FSRA rating scale:

- N/A: No knowledge of competency
- Basic: Some knowledge; understands terminology and can identify the skills / attributes associated with the competency
- Good: Good understanding of the fundamentals and sufficient knowledge and experience to apply concepts to less complex issues
- Strong: Significant understanding and expertise of the competency and participates fully in board analysis discussion and debate on more complex issues
- Expert: Expert understanding and provides expert analysis and advice on complex issues

For each competency, please provide a brief description of your rationale for the rating you have given yourself.

Competency	Rating
1. Audit and Compliance Oversight <ul style="list-style-type: none"> • Monitoring audit process to ensure compliance with policies, sound business practices and regulatory requirements 	
2. Board and CEO Performance <ul style="list-style-type: none"> • Monitor the performance and development of the CEO and Board to determine strengths, weaknesses, and area for improvement 	
3. Credit Union Operations <ul style="list-style-type: none"> • Understand CU infrastructure and how they relate to deliver products and services while managing risk and regulatory requirements 	

<p>4. Financial Literacy</p> <ul style="list-style-type: none"> • Interpret financial reports and statements to ensure financial goals and regulatory requirements are met 	
<p>5. Governance and Ethics</p> <ul style="list-style-type: none"> • Understand critical elements of good governance and ethics 	
<p>6. Leadership</p> <ul style="list-style-type: none"> • Motivate and support to influence accomplishment of organizational goals, professional development, and education to further develop competencies 	
<p>7. Regulatory Environment</p> <ul style="list-style-type: none"> • Policy development to meet legal, regulatory and governance requirements 	
<p>8. Risk Management Oversight</p> <ul style="list-style-type: none"> • Risk frameworks for identifying, measuring, and managing significant risk and events that might impact Credit Union objectives 	
<p>9. Strategic Planning</p> <ul style="list-style-type: none"> • Contribute to the strategic direction, core values and strategic goals and objectives 	
<p>10. Securitization</p> <ul style="list-style-type: none"> • Understand the principles of Securitization, sets risk appetite and policy and 	

monitors adherence to policy.	
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SCHEDULE F - CONSENT FOR COLLECTION, USE, AND DISCLOSURE/PUBLICATION OF PHOTOGRAPHS, BIOGRAPHICAL, AND/OR OTHER PERSONAL INFORMATION

GENERAL INFORMATION

Credit Union Name (the "Credit Union") and Address The Police Credit Union Ltd. 222-105 Gordon Baker Road Toronto, ON M2H 3P8		Date
		Phone
Email	Website	Fax
Individual Name		
Class of Individual <input type="checkbox"/> Employee <input type="checkbox"/> Self-employed Contractor/Supplier <input type="checkbox"/> Committee Member: <input type="checkbox"/> Director <input type="checkbox"/> Director Candidate <input type="checkbox"/> Other:		

AUTHORIZATION (Select box to confirm consent. For added clarity, cross out any lines where consent is not granted.)

I hereby authorize the Credit Union to collect, use, and disclose my personal information as follows:

1. Personal Information

- | | |
|--|---|
| <input type="checkbox"/> Image(s), including photograph(s) | <input type="checkbox"/> Video |
| <input type="checkbox"/> Biographical information provided by me to the Credit Union | <input type="checkbox"/> All of the Above |

2. Use and/or Disclosure

- | | |
|--|--|
| <input type="checkbox"/> Credit Union website | <input type="checkbox"/> Staff newsletter |
| <input type="checkbox"/> Digital media (e.g., training videos; presentations) | <input type="checkbox"/> Member newsletter |
| <input type="checkbox"/> Social media (e.g., Facebook; Twitter; YouTube; LinkedIn) | <input type="checkbox"/> Annual report |
| <input type="checkbox"/> Print media (e.g., magazines; local, regional, national newspapers) | <input type="checkbox"/> All of the above |

3. Purpose(s)

- | | |
|---|---|
| <input type="checkbox"/> Provide information to staff and others | <input type="checkbox"/> Credit Union Elections |
| <input type="checkbox"/> Promote the Credit Union and/or its products | <input type="checkbox"/> All of the Above |

CONSENT AND SIGNATURE

This consent applies to all future uses and disclosures for the purposes set out above. I understand that this consent is in addition to, and not in substitution for, any other consent, express or implied, which I have given the Credit Union to collect, use, and disclose my personal information. This consent may be withdrawn by contacting the Credit Union using the information above.

If I withdraw consent, I acknowledge that existing publications will not be withdrawn from circulation.

Personal information held by the Credit Union will be retained and destroyed in accordance with the Credit Union's retention of records policies and privacy legislation.

Personal information does not include work product information or contact information as defined by privacy legislation. Consent is not required to use or disclose work product information or contact information.

_____ **X**
Signature

Date

APPENDIX A - WHO QUALIFIES? DIRECTOR ELIGIBILITY REQUIREMENTS

Only a natural person who as of the last day of the Nomination Period:

- a) has been a member of the Credit Union for at least twelve (12) consecutive months, is at least eighteen (18) years of age, and is a Canadian citizen or a person lawfully admitted to Canada for permanent residency who is ordinarily resident in Canada;
- b) Has been a member “in good standing” and all of the member connections associated with the member have been members “in good standing” continuously for a period of time equal to the lesser of the preceding six (6) months and the period of actual membership;
- c) has then served as a director of the Credit Union for not more than five (5) consecutive terms of fifteen (15) consecutive years, whichever is greater
- d) is not then an employee of the Credit Union, or is a former employee of the Credit Union who has not been employed by the Credit Union in the two (2) years immediately preceding the date of the election at which he or she seeks to be a candidate for election as a director
- e) is not then the spouse, parent or child of an employee of the Credit Union, or of a former employee of the Credit Union if that former employee has been employed by the Credit Union in the two (2) years immediately preceding the date of the election at which he or she seeks to be a candidate for election as a director
- f) is not disqualified under the *Act*
- g) is an incumbent Director has not failed, without being excused by the Chair, to attend three consecutive regular meetings of the Directors within the preceding twelve (12) months
- h) who is free of any real or perceived conflict of interest that might reasonably be expected (based on a legal opinion) to prevent him/her from acting in the best interest 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;
- i) has been nominated in accordance with the terms of the Credit Union’s bylaw

APPENDIX B - INDIVIDUAL DIRECTOR DISQUALIFICATIONS (as extracted from *the Act* – Section 92)

Disqualified Individuals

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 a court has decided is of unsound mind.
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 Insurance Act to write surety and fidelity insurance.
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 is a member.
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 (Deposit Insurance Corporation of Ontario).
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.

APPENDIX C - DICO/FSRA DIRECTOR CORE COMPETENCIES

4711 Yonge Street
Suite 700
Toronto ON M2N 6K8 Telephone: 416-325-9444
Toll Free 1-800-268-6653
Fax: 416-325-9722



Application Guide:

Director Training and Qualifications - Director Core Competencies for Complex Credit Unions

This application guide is for use by complex credit unions. DICO considers a complex credit union to have the following characteristics:

1. The total assets of the credit union as set out in the audited financial statements of the credit union that were placed before its members at the most recent annual meeting are greater than or equal to \$50 million; or
2. The credit union participates in commercial lending.

If either of the above two conditions exists, DICO will consider the credit union to be a complex credit union and subject to the guidance expectations for a complex credit union.

It should be reviewed in conjunction with DICO's Guidance Note: Director Training and Qualifications. This document describes director core competencies and attributes for different levels of understanding. Competencies are built through a combination of education, practical work experience previous board experience and director training. At a minimum, directors of "complex" credit unions are expected to attain a STRONG understanding of each of the core competencies and attributes as indicated within the time frames established by the credit union subject to DICO minimum expectations outlined in the Guidance Note: Director Training and Qualifications. Credit unions may wish to set a requirement for a higher competency level (i.e., Expert) in one or more competencies or for Chair of the Board and Audit committee to more appropriately reflect their size and complexity. Descriptions of the EXPERT level are provided for purposes of reference and comparison.

Please Note: Descriptions of competencies and competency levels are intended to reflect the oversight responsibilities of directors and are not intended to require much higher technical and skills required by senior management of the day-to-day operations of the credit union.

A strong understanding of these core competencies helps directors to:

- Participate fully in board analysis, discussion and debate on more complex issues;
- Ensure sufficient information is provided to support analysis and recommendations;
- Mentor new directors and provide greater understanding of competency;
- Challenge management's assumptions when needed and speak out appropriately at board meetings; and
- Make significant contributions to long-range planning.

Audit and Compliance Oversight

To achieve this competency, directors should demonstrate an appropriate level of knowledge and understanding of monitoring and auditing processes required to ensure compliance with the credit union’s policies, standards of sound business practices and regulatory requirements.

Competency Level	Audit and Compliance Oversight: Competency Attributes
Basic	<ul style="list-style-type: none"> • Defines compares and explains: <ul style="list-style-type: none"> • The role of the audit committee • The external audit process and the role of the external auditor • The role and nature of the internal audit function • DICO’s Examination process • The role of the compliance officer
Good	<p>Basic PLUS:</p> <ul style="list-style-type: none"> • Understands and incorporates in their actions the processes to monitor Board and individual directors to ensure compliance with internal controls, standards of sound business and financial practices and other regulatory requirements. • Reads and interprets reports of the compliance officer, external auditor, internal auditor and the regulators. • Distinguishes between the responsibilities of the Audit Committee, the Board and other committees. • Interprets and draws conclusions from the reports of the compliance officer, external auditor, internal auditor and regulators. • Asks appropriate questions about credit union policies, practices and reports. • Demonstrates, through actions, a knowledge of resolution strategies to address any material weaknesses and deficiencies. • Contributes to the development of policies to improve controls and compliance. • Ensures that key decisions made by the Board align with established policies, standards of sound business practices and other regulatory and legislative requirements. • Follows up with management to ensure corrective action is taken to rectify deficiencies noted in reports.
Strong	<p>Good PLUS:</p> <ul style="list-style-type: none"> • Analyzes results and reports and contributes to board discussion and debate on complex issues and any material variances or weakness relating to audit and compliance. • Interprets and confirms that corrective action taken by management to address material non-compliance situations is identified in internal, external and regulatory audit reports is appropriate. • Identifies when it is necessary to challenge management for additional information to support conclusions or recommendations. • Identifies when a professional, independent opinion is required. • Calls upon internal and/or external audit resources to investigate complex variances and non-compliance situations

Expert	Strong PLUS: <ul style="list-style-type: none">• Interprets corporate, complex regulations and/or legislation for others, including providing regulatory advice.• Lobbies for legislative change to ensure a level playing field for credit unions• Intervenes with regulators on the contentious and sensitive issues.• Through participation on provincial and/or national system committees, identifies appropriate changes to the legislative environment and audit and compliance standards on behalf of the credit union and the credit union sector.• Contributes to the ongoing development and refinement of Standards of Sound Business Practices.
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To achieve this competency, directors should demonstrate an appropriate level of knowledge and understanding of the tools and methodologies for monitoring the performance and development of the CEO and for assessing the Board's performance to determine strengths, deficiencies and areas for improvement.

Competency Level	Board and CEO Performance: Competency Attributes
Basic	<ul style="list-style-type: none"> • Explains the reporting relationship between the Board and the CEO. • Explains the appropriate approach regarding performance management, feedback, and communications with the CEO.
Good	<p>Basic PLUS:</p> <ul style="list-style-type: none"> • Contributes to the development of the relationship between the Board and the CEO. • Applies the performance and measurement criteria for the Board and the CEO. • Contributes to the ongoing assessment of the CEO's and the Board's performance. • Ensures the use of objective measurement criteria is adopted. • Identifies opportunities for performance improvement in the CEO and Board. • Describes the processes and timing of Board and CEO performance planning and assessment.
Strong	<p>Good PLUS:</p> <ul style="list-style-type: none"> • Contributes to the development of assessment criteria for individual directors, the Board and CEO. • Ensures that the CEO performance criteria and compensation are aligned with the strategic plan and key objectives. • Demonstrates the ability to develop communications designed to create buy-in to concepts and direction from the Board to the CEO. • Contributes to the development and/or enhancement of the Board's stakeholder communications strategy. • Encourages other Board members to communicate effectively with the CEO. • Proactively manages and effectively communicates the CEO's performance through informal and formal communication. • Develops and initiates the board performance planning and assessment process. • Recognizes when a third-party expert is required. • Identifies and addresses skills/performance gaps on the board and/or CEO.
Expert	<p>Strong PLUS:</p> <ul style="list-style-type: none"> • Leverages connections to other events, decisions and initiatives when developing and presenting communications to the CEO. • Ensures fit between the credit union's culture, values and beliefs and those of the CEO. • Uses mediation skills to resolve conflicts or performance gaps on the board and/or with the CEO. • Uses influence to create shifts in beliefs and/or values • Leads and/or contributes to discussion about the impact of the credit union in the community and/or in the credit union sector both provincially and nationally.

Credit Union Operations

To achieve this competency, directors should demonstrate an appropriate level of knowledge and understanding of how the credit union's infrastructures inter-relate and how they enable the effective and efficient delivery of services while managing risk and regulatory requirements.

Competency Level	Credit Union Operations: Competency Attributes
Basic	<ul style="list-style-type: none"> • Defines the nature and extent of the credit union's operations and service areas. • Distinguishes between the Board's and CEO's responsibilities related to operations. • Outlines the impact of operational weaknesses on depositor satisfaction and financial performance.
Good	<p>Basic PLUS:</p> <ul style="list-style-type: none"> • Understands the credit union's operational infrastructure and how its components interrelate. • Understands the credit union's business powers, major lines of business, services and delivery channels. • Understands the membership profile and the nature and profile of major business segments. • Effectively compares operational efficiency against industry standards and best practices. • Recognizes the impact of strategic plans and objectives on operational effectiveness and operational efficiency. • Asks questions and evaluates information and management recommendations on costs, benefits and risks involved in major operational decisions. • Recognizes and seeks third party expertise when required.
Strong	<p>Good PLUS:</p> <ul style="list-style-type: none"> • Understands the nature and extent of non-core business activities including any subsidiaries. • Applies policy related to human resources practices, including competency requirements to senior management personnel. • Analyzes the strategies, data and/or recommendations to improve operational effectiveness or resolve operational weaknesses. • Fosters an environment of innovation in service delivery and strategies related to such innovations. • Discusses and evaluates policy recommendations with respect to their impact on operations. • Identifies and understands best practices related to operational efficiencies, such as outsourcing or collaborative strategies.
Expert	<p>Strong PLUS:</p> <ul style="list-style-type: none"> • Fosters an environment of innovation in service delivery and strategies related to such innovations. • Identifies best practices related to operational efficiencies, such as outsourcing or collaborative strategies.

Financial Literacy

To achieve this competency, directors should demonstrate an appropriate level of financial knowledge and understanding and can interpret financial reports and statements and monitor corrective action to ensure financial goals and regulatory requirements are met.

Competency Level	Financial Literacy: Competency Attributes
Basic	<ul style="list-style-type: none"> • Reviews financial reports, financial statements and operational plans & budgets prepared by management. • Seeks clarification of those areas that are not understood. • Understands basic budgeting process and financial objectives and budgets. • Understands basic financial statements, i.e., balance sheet and income statement. • Reviews financial reports presented by management and asks appropriate questions. • Knows statutory requirements.
Good	<p>Basic PLUS:</p> <ul style="list-style-type: none"> • Understands basic financial analysis concepts and tools. • Can explain the nature and purpose of all financial reports prepared by management, and the purpose and uses of key financial ratios, financial trends, performance benchmarks and system/group comparison reports. • Identifies variances between actual financial performance and established financial budget and targets and understands the nature and extent of recommendations to address material variances. • Understands the concept of materiality with respect to financial statement information and variances. • Ensures additional explanations and information is provided for any material variances including action plans.
Strong	<p>Good PLUS:</p> <ul style="list-style-type: none"> • Understands the national, provincial and local micro and macro-economic factors that can affect the credit union's operations. • Explains and interprets the interrelationship of financial ratios and how they impact other areas. • Interprets financial results and reports and ensures the board conducts sufficient oversight and discussion on recommended strategies to address and material variances. • Recommends the use of external resources to investigate any significant issues or "red flags" that may arise or to validate the credit union's financial policies, plans, controls and procedures where material weaknesses persist.
Expert	<p>Strong PLUS:</p> <ul style="list-style-type: none"> • Understands the concepts of global financial markets and the forces that shape them. • Categorizes complexities of various financial instruments and their use. • Contributes to the pursuit of change in legislated financial requirements through participation on provincial and national system committees.

Governance and Ethics

To achieve this competency, directors should demonstrate an appropriate level of knowledge and understanding of the critical elements of good governance and ethics.

Competency Level	Leadership: Competency Attributes
Basic	<ul style="list-style-type: none"> • Understands the governance structure of the credit union and the responsibilities of directors and the Board. • Understands what corporate governance is and how it is applied to the credit union environment. • Explains the importance, necessity and meaning of “independent”, “accountable”, “transparency”, “prudent” and “fiduciary”. • Recognizes the role of ethics (code of conduct) and personal integrity in acting in the best interests of the credit union and safeguards confidential and sensitive information. • Explains the roles of and interrelationships between the Board; Board and regulators; Board and senior management. • Explains the credit union’s strategic direction and corporate values. • Complies with the credit union’s policies. • Acts in accordance with Co-operative Principles. • Acts with integrity and ethics in making decisions. • Exercises due care and diligence.
Good	<p>Basic PLUS:</p> <ul style="list-style-type: none"> • Uses existing governance framework to evaluate, create and implement policies to enhance value. • Contributes fully to the board and governance structures by: <ul style="list-style-type: none"> • asking appropriate questions, • identifying material variances or deficiencies, • being prepared for meetings, • seeking independent advice or expertise, • supporting board decisions. • Provides sound input into the credit union’s strategic direction and plans. • Assesses goals, objectives, risks and opportunities relative to strategic direction. • Oversees the credit union’s performance relative to strategic direction and implementation.
Strong	<p>Good PLUS:</p> <ul style="list-style-type: none"> • Mentors board members to enhance their competence in democratic governance. • Oversees the ongoing evaluation of the Board’s governance structures. • Assesses adequacy of governance policies, processes and procedures and code of conduct and makes recommendations for change. • Identifies interrelationships and evaluates inherent risks and opportunities in the financial services environment and recommends appropriate action. • Independently assesses impacts of decisions related to risks and opportunities. • Describes how changes in regulatory environment impact best practices in credit union governance. • Analyzes past experiences and applies the concepts and learning to new situations. • Champions continuous learning within the board regarding the innovations in governance structures and how they can be incorporated into their credit union’s governance regime.

Expert	Strong PLUS: <ul style="list-style-type: none">• Collaborates with other experts to recognize and articulate best practices in democratic governance.• Demonstrates breakthrough thinking in the field of democratic governance.
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Leadership

To achieve this competency, directors should demonstrate an appropriate level of knowledge and understanding of the attributes of leadership to motivate, influence and support others to accomplish organizational goals and encouraging on-going education to further develop competencies.

Competency Level	Leadership: Competency Attributes
Basic	<ul style="list-style-type: none"> • Communicates ideas and opinions clearly. • Understands effective leadership characteristics. • Identifies personal leadership characteristics. • Builds trust through honest and open communication and mutual respect.
Good	<p>Basic PLUS:</p> <ul style="list-style-type: none"> • Identifies board dynamics including different approaches and styles. • Constructively influences board dynamics. • Utilizes communication/facilitation techniques to encourage debate, dialogue, discussion. • Collaborates with fellow directors to build consensus. • Contributes to a constructive and open environment for the expression of diverse ideas and opinions. • Considers resource and support requirements of strategic initiatives.
Strong	<p>Good PLUS:</p> <ul style="list-style-type: none"> • Champions continuous learning and renewal within boards, including the successful recruitment of new board members, director training and continuing education. • Acts as an ambassador for the credit union within the community. • Fosters innovation, creativity and shared understanding. • Encourages debate and diverse opinions and mediates to reach consensus. • Determines when more information or outside advice is required. • Clearly communicates rationale for decisions to key stakeholders.
Expert	<p>Strong PLUS:</p> <ul style="list-style-type: none"> • Networks strategically to stay on the leading edge of new developments and partnership opportunities. • Leads the conceptualization of large-scale changes in industry direction through participation on provincial legislative and regulatory revisions and national system committees. • Leverages networks with key stakeholders to influence the resolution of regulatory and other issues.

Regulatory Environment

To achieve this competency, directors should demonstrate an appropriate level of knowledge and understanding of the regulatory environment, policy development and the policies required to meet legal, regulatory and governance requirements.

Competency Level	Regulatory Environment: Competency Attributes
Basic	<ul style="list-style-type: none"> • Explains and describes the: <ul style="list-style-type: none"> • Role of the Ministry of Finance, • Financial Services Commission of Ontario, • Deposit Insurance Corporation of Ontario/Financial Services Regulatory Services of Ontario • Responsibilities of directors' relative to policy creation and monitoring, • Responsibilities of the Board policy creation and monitoring. • Identifies the regulatory environment including the Act, regulations, DICO by-laws and sound business practices as well as the credit union's by-laws, policies and processes.
Good	<p>Basic PLUS:</p> <ul style="list-style-type: none"> • Demonstrates knowledge of the Credit Union and Caisses Populaires Act, Regulations and other relevant legislation. • Understands the credit union's by-laws and related policies. • Promotes regulatory compliance. • Identifies gaps in the credit union's policies and compliance with regulatory requirements. • Initiates policy enhancements to deal with gaps. • Determines the policy framework i.e., the areas in which policies are required and why.
Strong	<p>Good PLUS:</p> <ul style="list-style-type: none"> • Explains the application of relevant policies and the principles upon which they are built. • Can interpret the Credit Union and Caisses Populaires Act and Regulations as well as other applicable legislation. • Explains the rationale for policy changes and the impact of such changes to the credit union's compliance to policies and sound business standards and practices. • Contributes to strength of credit union sector through strong leadership related to compliance, improved communication and shared understanding by credit unions and the regulator on these issues.
Expert	<p>Strong PLUS:</p> <ul style="list-style-type: none"> • Participates in the drafting of new legislation and regulations through the provincial and/or national organizations. • Understands the fine points of legislation and regulations relevant to own position as a director, interpreting them, providing comments to policy makers and supporting others in ensuring compliance.

Risk Management Oversight

To achieve this competency, directors should demonstrate an appropriate level of knowledge and understanding of the risk management framework for identifying, measuring and managing significant risks and events that may impact the credit union's objectives.

Competency Level	Risk Management Oversight: Competency Attributes
Basic	<ul style="list-style-type: none"> • Understands the areas of risk to which the credit union may be exposed. • Understands the risk management framework and policies of the credit union. • Understands the purpose and requirements DICO By-law #5. • Understands DICO's examination process. • Explains the role of the Board in risk management oversight.
Good	<p>Basic PLUS:</p> <ul style="list-style-type: none"> • Explains and describes the nature of risks and risk management activities related to: <ul style="list-style-type: none"> • Governance • Capital management • Credit risk management • Operational risk management • Market risk management • Structural risk management • Liquidity risk management • Understands the significant risks to the credit union. • Understands criteria for measuring risk. • Understands the nature and extent of any material outsourcing, subsidiaries and securitization transactions. • Describes the extent of any material non-core business activities and subsidiaries. • Understands the Board's risk assessment tools and risk management reports. • Monitors risk management activities. • Identifies areas of significant risk exposure in management reports. • Interprets the results of the DICO examination and internal/external auditors and makes decisions to manage and address identified risks.
Strong	<p>Good PLUS:</p> <ul style="list-style-type: none"> • Understands what an Enterprise Risk Management framework is. • Assesses the credit union's risk appetite and tolerances. • Provides direction to management on implementation of an enterprise risk management system. • Integrates all elements of enterprise risk management into the strategic risk management process. • Confirms the capacity of the credit union to withstand risk exposure levels. • Interprets risk management policies and recommends changes to mitigate excessive exposure. • Ensures strategic objectives are integrated into the ERM.
Expert	<p>Strong PLUS:</p> <p>Identifies potential long-term risks and opportunities in the Canadian financial services environment and credit union sector.</p>

Strategic Planning

To achieve this competency, directors should demonstrate an appropriate level of knowledge and understanding of the strategic planning process and contribute to the development of the strategic direction, core values and the strategic goals and objectives for the credit union.

Competency Level	Strategic Planning: Competency Attributes
Basic	<ul style="list-style-type: none"> • Understands the vision, mission, and core values of the credit union. • Is aware of the organization's strategies and plans through ongoing review, monitoring and discussion and is aware of their role in the process. • Describes the strategic planning process and tools. • Seeks information about the strategic management process and related management reporting.
Good	<p>Basic PLUS:</p> <ul style="list-style-type: none"> • Applies knowledge of corporate goals, strategies, and objectives to evaluate reports and recommendations presented by management. • Uses independent and objective oversight when evaluating the reports and recommendations presented by management. • Collaborates with fellow directors to build a consensus on strategic plans and initiatives. • Participates in the development and communication of the credit union's vision, mission, and corporate values.
Strong	<p>Good PLUS:</p> <ul style="list-style-type: none"> • Seeks information in areas such as the credit union's concerns, the competitive environment and industry trends and standards. • Explains the measures of success. • Recognizes and promotes potential strategic opportunities. • Weighs the risk/benefit of the credit union's strategic initiatives in identifying their impact and establishing priorities. • Identifies and communicates the indicators and measures for success for the credit union. • Analyzes capacity and competencies in staffing and financial resources for strategic initiatives.
Expert	<p>Strong PLUS:</p> <ul style="list-style-type: none"> • Collaborates with experts to develop a framework and policies for strategic plans and initiatives at a credit union system level. • Leads the conceptualization of and planning for large scale changes in industry direction and key federal statutes through participation on provincial legislative and regulatory revisions and national system committees.

Securitization

To achieve this competency, directors should demonstrate an appropriate level of knowledge and understanding of securitization and how it contributes to the funding objectives of the credit union.

Competency Level	Securitization: Competency Attributes
Basic	<ul style="list-style-type: none"> • Understands the basic concepts of securitization and is familiar with the terminology. • Is aware of the organization's securitization strategies and plans through ongoing review, monitoring and discussion and is aware of their role in the process. • Describes the securitization process and tools, and roles and responsibilities of various parties
Good	<p>Basic PLUS:</p> <ul style="list-style-type: none"> • Applies knowledge of securitization goals, strategies, and objectives to evaluate reports and recommendations presented by management. • Uses independent and objective oversight when evaluating the reports and recommendations presented by management. • Understands securitization risks and mitigation strategies
Strong	<p>Good PLUS:</p> <ul style="list-style-type: none"> • Understands more complex securitization programs and terminology • Seeks information in areas such as the credit union's concerns, the competitive environment and industry trends and standards. • Understands external stakeholder reports and other external parties including ERM, Internal and external Audit. • Weighs the risk/benefit of the credit union's securitization initiatives in identifying their impact and establishing priorities. • Analyzes capacity and competencies in staffing and financial resources for securitization initiatives.
Expert	<p>Strong PLUS:</p> <ul style="list-style-type: none"> • Collaborates with experts to develop a framework and policies for securitization plans and initiatives at a credit union system level.