



**2018 DIRECTOR ELECTION:
DIRECTOR NOMINATION
PACKAGE**

October 2017



DIRECTOR NOMINATION PACKAGE

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I. MESSAGE FROM THE BOARD CHAIR

Dear Prospective Board Candidate:

Thank you for your interest in serving as a Director of CUA. We value the dedication and commitment of our members and appreciate those who choose to participate in our nomination and election process.

CUA is a small, independent, local financial institution with assets of approximately \$465 million and 20,000 members / customers. Technological change and low interest rates present us with extraordinary challenges. We operate in a complex and competitive environment. An important part of our response must be strong practices in corporate governance. Individually and collectively, directors must meet the high standard of competence and performance our membership expects. I am proud to say that we are a committed and engaged Board that is focused on the best interests of CUA and of our members.

This Director Nomination Package is provided in order to assist you in understanding CUA, the role of the Board as well as to support your completion of the nomination process. Our goal is to ensure a fair and transparent process that enables our members to be fully informed when casting their vote for their preferred candidate(s).

I hope you find the information helpful. Should you have any questions about the enclosed information, please contact Lindsey Marr, Manager, Human Resources and Administration, at lmarr@cuu.com or at 902-492-6644.

Again, thank you for your interest in this important process.

Sincerely,



Kurt Bulger
Chair
Board of Directors & Nominations Committee

II. OVERVIEW OF CUA

- CUA was established in 1948 and is provincially incorporated. It is governed by the *Nova Scotia Credit Union Act* and provincially regulated by the Superintendent of Credit Unions, a division of the Nova Scotia Department of Finance.
- CUA is a community-based, cooperative financial institution offering a broad array of banking products and services to meet the financial needs and goals of its members.
- CUA is one of the largest credit unions in Atlantic Canada, with: 20,000 members, seven branches, one commercial centre for business members, 100 employees and \$465 million in assets. Its trading area is primarily the HRM market.
- CUA operates within the financial services industry, which is an intensely competitive environment. Its main competition is the chartered banks, on-line financial service providers as well as non-traditional providers that operate within the financial services sector.
- In contrast to the shareholder-owned financial services companies, CUA is owned by its members i.e. its customers and operates to maximize the benefits directly to members and the community.
- As outlined in its Strategic Plan, CUA's mission is to be the trusted and enthusiastic guide that empowers our members to reach their full financial potential. Our vision is to be a leader that enables stronger members and a stronger community. CUA is the better way to bank because of our ability to offer flexible products and personalized service that meets the unique needs of each member. We strive to illustrate the following attributes in every interaction with members, with each other and with the community: Smart, Responsive, Trusted, Genuine and Flexible.
- CUA's governance model consists of a member-elected Board of Directors who provide oversight and strategic direction to the organization. The Board is accountable and reports to the members. The President & CEO is appointed by the Board and is responsible for the overall management and operations of CUA.

III. OVERVIEW OF BOARD

- The CUA Board is a governing board and has the fiduciary responsibility to:
 - ▶ act honestly;
 - ▶ act in good faith;
 - ▶ give loyalty;
 - ▶ exercise authority within the parameters of the position;
 - ▶ disclose conflict of interest;
 - ▶ avoid breach of confidence; and,
 - ▶ hold in strict confidence all transactions and business affairs of transactions affecting CUA and its members.

- The standard required is that a Director use reasonable care, diligence and skill that a reasonably prudent person would have exercised in comparable circumstances. Duties of care, skill and diligence consist of the following characteristics:
 - ▶ exercise reasonable care;
 - ▶ attend meetings;
 - ▶ keep informed;
 - ▶ act intelligently;
 - ▶ avoid imprudent judgement by applying appropriate due diligence in decision making;
 - ▶ provide adequate supervision; and,
 - ▶ question things that are not clear or not understandable.

- In addition to these responsibilities, the Board fulfills its oversight role in the following overarching areas:
 1. Provide strategic stewardship, including the approval of the Strategic Plan.
 2. Approve the annual Business Plan and monitor performance.
 3. Ensure effective risk management through an appropriate risk management policy, system and reporting mechanisms.
 4. Monitor the performance of the President & CEO and provide direction, as well as support as required.
 5. Ensure its own effectiveness through a comprehensive Board policy framework and evaluation process.

- Pursuant to the Charter of By-Laws, the minimum number of directors is five and the maximum is 14 positions. The Board assesses the overall size on a regular basis and has concluded that the optimal size is nine directors. There are currently nine directors on the CUA Board and pursuant to legislation, are elected by the membership at the Annual General Meeting (AGM), which is held in April of each year. The maximum timeframe on the Board is the lesser of nine years or three terms. Board terms are typically three years in duration.

Overview of Board Proceedings

- All directors must be able to commit time and effort throughout the year to Board meetings, committees and email correspondence.
- Regular Board meetings are held seven times during the year in the months of February, March, June, September, October and December, with two meetings in December, one of which is to review and approve the Annual Business Plan. Meetings are typically four hours in duration and take place during regular business hours (i.e. between 8:30 a.m. and 5:00 p.m.).
- In addition to these regular meetings, the Board meets after the AGM in April for a one hour meeting as well as holds a full-day offsite strategy session in September. There are occasions when a special Board meeting is called, which historically has been once during the year and may be held during regular business hours. All efforts are made to confirm a date that allows all directors to attend where possible.
- In addition to the above meetings, directors sit on at least one of the following Committees of the Board: 1. Audit Committee; 2. Credit Committee; 3. Executive Committee; 4. Governance & Community Impact Committee; and, 5. Nominations Committee. Each of these committees meets quarterly and typically these meetings are two – three hours in duration. All committee meetings are held during business hours (i.e. between 8:30 a.m. and 5:00 p.m.).
- With the exception of the off-site strategy session and the AGM meeting, all meetings are held at CUA's Corporate Office, which is located at Chebucto Place, 7105 Chebucto Road, Suite 350 (behind the West End Mall, by the entrance of the Sears Outlet Store).
- In-person attendance is expected at all meetings and therefore, nominees must ensure their work and personal schedules will accommodate the above requirements.
- Directors receive an annual honourarium of \$3,000, which is intended to cover the time attending Board meetings and other related activities. Directors also receive a \$75 meeting fee for attending any committee meeting for which they are members. Any direct expenses incurred to carry out Board business are reimbursed.
- New directors participate in the Director Orientation Program within the first six months of their appointment. The Program entails a number of components intended to enhance the director's knowledge of the organization and business in a timely manner. The total amount of time to complete the components is approximately 1.5 days over the six months period.

IV. DIRECTOR ELIGIBILITY AND REQUIREMENTS

- Pursuant to section 7.14 of the Charter By-Laws, an individual is not eligible to be a director of CUA if any of the following parameters exist:
 - (a) anyone who is less than nineteen (19) years of age;
 - (b) anyone who is not an individual;
 - (c) a person who has the status of an undischarged bankruptcy;
 - (d) a current employee of CUA, or any immediate family member of the employee or anyone who, in the past three (3) years has been an employee, or is an immediate family member of a former employee of CUA, Atlantic Central, League Savings & Mortgage Company or the Nova Scotia Credit Union Deposit Insurance Corporation;
 - (e) an auditor of CUA or a member (whether a partner or employee) of the firm of accountants of which the auditor is a member;
 - (f) a solicitor of CUA, or a member (whether a partner or employee) of the firm of solicitors of which the solicitor is a member;
 - (g) a person who is in breach of any policy of CUA;
 - (h) a person employed in the Civil Service whose official duties are concerned with the affairs of credit unions; and,
 - (i) a person who has a loan with CUA that is more than forty-five (45) days in arrears.

- Pursuant to section 7.15 of the Charter By-Laws, a director may apply for a position as an employee of CUA but is not in any case eligible to apply for such position while he or she is an active director or for a period of three (3) years after having ceased to be a director of CUA. No immediate family member of a Director shall be eligible for employment or any position with CUA during such time as the director remains an active director of CUA.

- In addition to these mandatory requirements, a number of competencies have been identified that will enable the Board to fulfill its responsibilities and to contribute to CUA's success. These competencies are referenced in Sections V and VII of this document.

- To facilitate an informed voting decision model, the Board identifies and communicates recommended candidates to the membership as part of the election process. To arrive at recommended candidates, the Nominations Committee conducts a rigorous interview and assessment process. The Committee considers that all candidates have clearly demonstrated compliance with the eligibility requirements and it is the Committee's view (approved by the Board) that the recommended candidates possess the skills, traits and experience that will best complement and strengthen the existing Board.

V. DIRECTOR COMPETENCIES

CUA has a robust corporate governance framework intended to facilitate the effective conduct and operation of the Board. As part of this framework, the Board considers the individual and collective competencies required to fulfill its mandate and reviews this information on an annual basis. In addition to meeting the Director Eligibility Requirements (presented in Section V of this Package), directors are expected to have the ability to act in the best interest of CUA, 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 framework.

As a community-based, cooperative financial institution, directors are expected to develop an understanding of the cooperative principles and values that govern CUA, and have a good cultural fit with a member-owned business. Behavioural competencies are critical to the overall strength of the Board. Directors must be collaborative, engaged, respectful and comfortable in making sound decisions with due consideration of the various factors that are relevant to the issue. Directors must also be prepared to commit the required time and energy to serve on the CUA Board, including the commitment to maintain up-to-date knowledge of industry standards and global trends impacting CUA.

Each year and in advance of the nomination and election process, the Board identifies the specific skills, experience and competencies required on the Board as a whole. In identifying these areas, the Board assesses the environmental landscape in which CUA operates as well as considers the future strategic direction of the organization. It then reviews the current skills on the Board and determines if there are any gaps that should be filled in the upcoming director election process. Based upon its recent assessment, the following competencies have been identified as providing the best complement to the existing skill sets on the Board (in alphabetical order):

1. Banking industry expertise;
2. Financial and audit; and,
3. Legal and regulatory control.

This information is being provided to prospective candidates as well as to the membership in order for these skills to be known as part of the process. CUA values the diversity of the communities it serves and encourages nominations from all qualified candidates including women, indigenous persons, visible minorities and persons with disabilities.

VI. OVERVIEW OF 2018 DIRECTOR NOMINATION AND ELECTION PROCESS

For the 2018 Director election process, members will be electing candidates to fill three (3) positions, each for a three-year term.

The key activities and timing for the process are as follows:

#	Key Activity	Completion Date
1	Director Nomination Package is released	October 6, 2017
2	Call for nominations opens	October 15, 2017
3	Call for nominations closes and all completed Nomination Forms are submitted	November 30, 2017 (by 4:00 pm)
4	Nominations Committee reviews the completed Nomination Forms and holds candidate interview and information sessions	December 2017 / January 2018
5	Nominations Committee recommends to the Board the slate of recommended candidates	February 13, 2018 (regular Board meeting date)
6	All candidates are contacted and advised of their status	February 20, 2018
7	Candidates name, Candidate Statement and photograph of each eligible candidate are disseminated to members via CUA's website, branches and Corporate Office. Information on the election is communicated through all channels, including social media	March 9, 2018
8	Voting takes place	April 9 - 20, 2018 (branches and Corporate Office); April 24, 2018, 6:00 – 7:00 pm, one hour before the AGM at the AGM location
9	Results of the election are announced	April 24, 2018 at the AGM
10	Contact is made to all candidates to advise of the outcome of the election	April 25, 2018

VII. NOMINATION FORM



2018 DIRECTOR ELECTION NOMINATION FORM

*This Form must be completed and emailed to lmarr@cua.com or provided in hard copy at any of CUA's branches or Corporate Office by **4:00 pm on Thursday, November 30, 2017.***

1. PERSONAL INFORMATION:

CUA will use this information to contact you and verify your eligibility to stand as a candidate.

Last name: _____ First name: _____ Initial(s) _____

Address: _____

Home telephone: _____ Work telephone: _____ Mobile telephone: _____

Email address: _____

What is the best way for us to contact you? _____

2. NOMINATORS INFORMATION:

Pursuant to CUA's Charter By-Laws, a nominee must be nominated by a minimum of five CUA members who meet the Director Eligibility Requirements as presented in Section V of this Package. If desired, the nominee can obtain each nominator's information / signature on an individual page and submit a total of five pages (one for each nominator) – this may be an option if obtaining electronically.

Five (5) Nominators: (Please print clearly)

1. Name: _____

Address & Postal Code: _____

Email address: _____

Signature: _____ Phone: _____

2. Name: _____

Address & Postal Code: _____

Email address: _____

Signature: _____ Phone: _____

3. Name: _____

Address & Postal Code: _____

Email address: _____

Signature: _____ Phone: _____

4. Name: _____

Address & Postal Code: _____

Email address: _____

Signature: _____ Phone: _____

5. Name: _____

Address & Postal Code: _____

Email address: _____

Signature: _____ Phone: _____

3. EMPLOYMENT AND COMMUNITY INVOLVEMENT:

The Nominations Committee will use this information to ensure no conflicts of interest exist and to identify areas of interest to CUA.

Current employer and position held: _____

Previous employment (last five years): _____

Boards on which you *currently* serve (include length of service): _____

Previous Board service (include timeframe): _____

Community / volunteer involvement: _____

4. COMPETENCIES, SKILLS AND EXPERIENCE ASSESSMENT:

The information gathered in this section will be used by the Nominations Committee to identify the competencies, skills and experience that you believe you possess and would bring to the Board. These listed areas have been identified by the Board as important to ensuring proper oversight of CUA on behalf of the membership.

Please assess yourself in each of the 12 areas (listed in alphabetical order, by priority and other competencies), choose a rating using the 1-5 scale, and provide the rationale for the rating. The scale for the rating is as follows:

- 1 – you have very limited or no professional experience.
- 2 – you have relevant training and/or limited professional experience.
- 3 – you have competence combined with more than five years of professional experience.
- 4 – you are extremely competent, typically accompanied by at least ten years of professional experience.
- 5 – you have expert knowledge and would be able to lead on or teach this subject area.

A. Priority Competencies:

<u>Area</u>	<u>Rating 1-5</u>	<u>Rationale For Rating</u>
<p>Banking Expertise <i>Experience at a leadership level in a banking institution, with knowledge of the industry, including the cooperative, credit union, regulatory, competitive and operating environments as well as the trends facing the sector.</i></p>	<p>No Experience ——— Expert</p> <p>1 2 3 4 5</p>	
<p>Financial and Audit <i>Understanding of the financial underpinnings of the organization, financial statements and their composition; high ratings for professional designation (e.g. CPA).</i></p>	<p>No Experience ——— Expert</p> <p>1 2 3 4 5</p>	
<p>Legal and Regulatory Control <i>Familiarity with the legislation, regulation and policy guidelines pertinent to the operation of a credit union; high ratings for a lawyer in a relevant field.</i></p>	<p>No Experience ——— Expert</p> <p>1 2 3 4 5</p>	

B. Other Competencies:

<u>Area</u>	<u>Rating 1-5</u>	<u>Rationale For Rating</u>
<p>Business Development <i>Experience in developing and executing business growth strategies in complex organizations, with strong familiarity of the analytics in assessing business opportunities.</i></p>	<p>No Experience ——— Expert 1 2 3 4 5</p>	
<p>Communications <i>Experience in communications or public relations as either a consultant or management position, having dealt with sensitive and complex issues in a public forum.</i></p>	<p>No Experience ——— Expert 1 2 3 4 5</p>	
<p>Executive Leadership <i>Holding a senior leadership role in a company or non-profit organization; high ratings for current or recent CEO, senior executive or senior board roles with complex organizations as well as experience in the cooperative and/or credit union sectors.</i></p>	<p>No Experience ——— Expert 1 2 3 4 5</p>	
<p>Governance <i>Well-rounded knowledge of; and expertise in, board governance practices and the standards in which directors must adhere to in fulfilling their fiduciary and oversight responsibilities. Experience in the cooperative and/or credit union sectors would be an asset.</i></p>	<p>No Experience ——— Expert 1 2 3 4 5</p>	
<p>Human Resources <i>Expertise in human resources (HR) field in a managerial capacity with strong familiarity of HR functions, including compensation, performance management models and organizational metrics.</i></p>	<p>No Experience ——— Expert 1 2 3 4 5</p>	
<p>Information Technology (IT) <i>Ensuring technology is aligned with strategic priorities and is creating / preserving value, and IT risks are effectively assessed and managed; high ratings for executive IT leadership and / or CIO role.</i></p>	<p>No Experience ——— Expert 1 2 3 4 5</p>	

<p>Marketing <i>Experience working with marketing and branding for a mid to large organization; high ratings for current or former marketing directors, executives or experts.</i></p>	<p>No Experience ——— Expert 1 2 3 4 5</p>	
<p>Risk Management <i>Responsibility for risk management, understanding the work required put risk management processes/controls in place; high ratings for enterprise risk management designation.</i></p>	<p>No Experience ——— Expert 1 2 3 4 5</p>	
<p>Strategic thinking and application <i>Experience leading strategy formation and implementation for a mid to large organization; ability to think broadly and “connect the dots” as it relates to the factors that impact the business.</i></p>	<p>No Experience ——— Expert 1 2 3 4 5</p>	

5. CANDIDATE STATEMENT AND PHOTOGRAPH:

Your candidate statement and photograph will be made available to CUA's membership via CUA's website, election-related electronic communications and in all of the physical locations, including the branches.

- **Candidate Statement**

Please write and submit a candidate statement that includes biographical information, occupation, credit union sector affiliations, experience and qualifications and how you will contribute to the advancement and governance of CUA. The statement must be written in the first-person voice (e.g. "I am a director with...").

The candidate statement must be no more than 250 words. If you exceed this maximum, your candidate statement may be rejected or edited for length at the Nominations Committee's discretion.

- **Photograph**

Please submit a recent colour "head shot" photograph of yourself in high resolution format.

6. CANDIDATE DECLARATION:

This Declaration is required as part of your submission to ensure that you verified all information provided and consent to the use of that information.

DECLARATION

I certify that I have read and understand the candidate eligibility requirements and the desired board competencies as outlined in this Director Nomination Package, and to the best of my knowledge, information and belief, I am qualified to be a candidate for election and, if elected, to serve as a Director of CUA. If elected, I will undertake to act honestly, in good faith and in the best interests of CUA. I certify that the information provided in my Nomination Form and any other information submitted is true and complete.

I acknowledge that the information I have provided in this Nomination Package is being collected by CUA for the purpose of the director election, which will be held in April 2018, and for the purpose of establishing a baseline profile of the competencies and personal attributes of the CUA Board. I hereby consent to the collection, use, and disclosure of my information by CUA for these stated purposes.

Name of Candidate _____

Signature of Candidate _____

Date _____