

Airline Financial Credit Union Limited

**DIRECTOR CANDIDATE NOMINATION
INFORMATION PACKAGE**

NOMINATION AND INFORMATION PACKAGE

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THANK YOU for your interest in volunteering to serve on the Board of Directors of Airline Financial Credit Union Limited. AFCU and all Credit Unions provide its member owners with a distinct values-based and community-owned and controlled alternative. Unlike the private, public, or voluntary sectors, all Credit Unions around the world are guided by the same principles, one being the principle of democratic member control. Credit Unions are operated democratically and owned by their customers as members. As a member of our Board, you'll have an opportunity to help lead an organization that is committed to building strong relationships aimed at improving financial health, enriching people's lives and building healthier communities in the areas we serve.

Review and Completion of the Board of Director Nomination Package

1. Please review pages 3, 4 and 5 to be sure that you and your nominators qualify. These rules are set out in the Credit Union and Caisse Populaires Act of Ontario which all Credit Unions in the province are governed by.
2. Next you'll need to ask 2 members of AFCU (in good standing with the Credit Union) to endorse your nomination. The nomination form is found on page 6.
3. Once the nomination form is complete, we'll need you, as the Nominee, to review, complete and sign the Nominee Statement on page 6. This document ensures that you read and understand all of the information provided in this package and confirms that you qualify to be a member of our Board.
4. Next, we ask that you carefully review and complete the BOARD OF DIRECTORS APPLICANT EXPERTISE/EXPERIENCE ASSESSMENT and the Experience and Skills questionnaire on pages 8 through to 11.
5. For your information we include a summary of general background information about the Board, Committees, meetings, time commitments and more.
6. Nomination packages, once completed, may be hand delivered or mailed to the Attention of the Chair of the Nominating Committee, 5401 Eglinton Ave W suite 110, Etobicoke, ON M9C 5K6
7. One final note. All qualified nominees will be given the opportunity to address the membership at the AGM for 2 minutes prior to the voting taking place. The AGM will be held on Thursday June 20, 2019.

Please be advised that all nominees must agree to a police criminal records search. Please check with your local police service for details regarding this process. Nominees will also be required to authorize the Credit Union to obtain a personal Credit Bureau check as part of the nomination eligibility process.

Nominees are welcome to arrange an appointment to meet with our CEO, Tracy Harris or a representative of the Board, to find out more about being an AFCU Board member.
Call 905-673-7262 Ext 224 or e-mail tharris@airlinecreditunion.ca

PREFERRED DIRECTOR CRITERIA AS PER THE BOARD GOVERNANCE

POLICIES OF AIRLINE FINANCIAL

CREDIT UNION LIMITED

A Director:

- ◆ Should understand the principles behind and share the vision of the Credit Union, and have the ability to reflect the values and commitments of the Credit Union as well as acting in the Credit Union's best interest at all times.
- ◆ Should demonstrate the ability to bring a perspective of social, external business or financial issues to Board deliberations.
- ◆ Should understand corporate governance and the fiduciary duties, role and responsibilities of the Board as a whole and as an individual Director of a Credit Union, including the willingness to ask probing questions and be an active participant in board discussions and debates within the governance framework.
- ◆ Must commit to regular attendance at Board/Committee meetings, and to full preparedness and willingness to contribute to meeting content.
- ◆ Should understand the importance of Credit Unions in their communities.
- ◆ Should demonstrate the ability to provide leadership and be an effective communicator.
- ◆ Should uphold the values of teamwork demonstrating the ability to operate as "a team at Board level and speak with one voice" once full discussion has been undertaken and a decision made by the Board.
- ◆ Must demonstrate personal integrity and high ethical standards.
- ◆ Must have never declared personal or business bankruptcy and is in compliance with all other Director requirements (reference section 92 of the Act).
- ◆ Must agree to a police criminal records search at his/her own expense and authorize the Credit Union to obtain a personal Credit Bureau check as part of the nomination eligibility process.
- ◆ Must be willing to commit to continuous learning and undertake appropriate Director Training and development initiatives.
- ◆ Should have the ability to understand and assess implications of financial statements and auditors reports.
- ◆ Must agree to abide by the additional time commitment, including travel time and work load associated with being a Director of the Credit Union.
- ◆ Shall possess basic computer skills and be able to receive, print and communicate via electronic means

**DIRECTOR DISQUALIFICATIONS AND OTHER REQUIRMENTS AS LEGISLATED
IN SECTION 92 OF THE CREDIT UNION
AND CAISSE POPULAIRES ACT 2009**

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 has been found under the *Substitute Decisions Act, 1992* or under the *Mental Health Act* to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere.
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* 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.
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.
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. 2007, c. 7, Sched. 7, s. 58 (1).

Exception

(2) An individual is not an employee for the purposes of paragraph 9 of subsection (1) solely because he or she provides, without remuneration, services to the Credit Union or league that are ordinarily provided by an employee. 2007, c. 7, Sched. 7, s.58 (1).

Type of offence

(3) An offence referred to in paragraph 7 of subsection (1) is an offence that,

- (a) is related to the qualifications, functions or duties of a Director of a body corporate;
- (b) involves theft or fraud;
- (c) involves a contravention or failure to comply with this Act, a predecessor of this Act or an Act governing a subsidiary of the Credit Union; or
- (d) Involves a contravention or failure to comply with the *Securities Act*. 2007, c. 7, Sched. 7, s. 58 (1).

Airline Financial Credit Union Limited

NOMINATION FORM

Print 1st Nominator's Full Name

Address and Phone Number

Print 2nd Nominator's Full Name

Address and Phone Number

We are both member's in good standing with the Credit Union hereby nominate for election:

Nominee's Full Name

Address and Phone Number

to the Board of Directors of Airline Financial Credit Union Limited

1st Nominator's Signature _____

*Date.*_____

2nd Nominator's Signature _____

*Date.*_____

I, accept the above noted nomination and will stand *Print Nominee Name*

for election and if elected will serve as a Director of the Credit Union pursuant to all of the information, regulations and requirements outlined in this nomination package.

*Nominee's Signature*_____

BOARD OF DIRECTORS APPLICANT EXPERTISE/EXPERIENCE ASSESSMENT

AFCU is committed to the principle of a high quality Board of Directors, and expects that each Director brings to the Board a certain level of knowledge and experience, demonstrates certain key attributes and adheres to certain principles. The following self-assessment will assist the *Nominating Committee* in determining the degree of expertise that you bring as a Candidate.

Please indicate your level of expertise/experience in the following table by indicating:

- E - Expert
- S - Strong
- G - Good
- B - Basic
- N/A - No relevant experience

To assist you in answering, please refer to the following definitions:

- Expert: You possess a degree/certificate/diploma in the skill area and/or have significant work experience in that field.
- Strong: You have direct experience, or significant familiarity with the field as part of your employment or volunteer activities.
- Good: You understand the basic fundamentals and concepts that are encountered in this skill area.
- Basic: You have some knowledge of the competency.
- NA: You have no familiarity with the topic or area.

Please Note: It is a Board policy requirement that if elected to the Board, you will be expected to complete a more comprehensive self-assessment of specific competencies within 3 months of election. This assessment is used to help determine your training and self-development needs in order to fulfill the Director Training and qualifications requirements as established by the Credit Union.

Competency/Area	Rating
1. Audit and Compliance Performance and regulatory standards; examination & auditing procedures	
2. Board & CEO Performance Setting and evaluating criteria and standards of performance of the Board, Directors and the CEO	
3. Credit Union Operations Cooperative business model; key components of operations (people, physical and technical infrastructure), operational risks	
4. Financial Literacy / Expertise Reading and interpreting financial statements and financial performance indicators	
5. Governance and Ethics Board roles and responsibilities; structure; decision making powers; Board policies and processes; Committees (mandates; structure; process)	
6. Leadership Leadership traits; skills and effective professional and personal attributes	
7. Regulatory Environment with respect to financial services & Credit Union sector Governing legislation and guidance; regulators	
8. Risk Management Oversight; Enterprise Risk Management Financial and operational risks; risk management and monitoring	
9. Strategic Planning Strategic planning concepts; process; importance of clear strategic direction; monitoring of strategic plan implementation	
10. Information Technology Hardware; software; networking; banking systems; databases; web-enabled services	
11. Partnering / Mergers and Acquisitions Merger strategies: issues, benefits and challenges	
12. Executive Recruiting & Human Resource Management Recruitment; hiring criteria and practices; performance evaluation, union negotiations, Privacy legislation	
13. Other competencies; areas of expertise Para Legal Experience	

Nomination Package - Experience and Skills Form

The following information will provide the Board's Nominating Committee with a detailed summary of your relevant education, business and governance skills and experience. In addition, the information is used for Director Development, recruiting and succession planning in order to address the short and long term needs of the Board.

1. Which Credit Union employer group do you represent if any?

2. Current Position is: _____

Retired From: _____

Last Employer and Position was: _____

2. List any post-secondary education in progress or completed (college, university or other).

3. List previous board or committee experience, (include brief summary of duties/responsibilities)

4. List any management, financial, human resource or other relevant skills and experience you bring to the AFCU Board.

5. List relevant risk management or policy development skills and experience **you bring to the AFCU Board** if any.

6. Please provide a brief statement on interest, telling us why you want to be a Director of the Board of AFCU.

BACKGROUND INFORMATION FOR CANDIDATES

A summary of recent history, evolution and key facts of the Credit Union can be found on our web site at www.airlinecreditunion.ca

General:

AFCU Directors are expected to attend all scheduled Board and Committee meetings and be active participants therein. They are also encouraged to attend other Credit Union related organizational and community related activities, meetings and conferences. Directors are also required to participate in Director Education as outlined below.

The information found below identifies and briefly describes AFCU Committees, Director education requirements and a summary of meetings and estimated commitment of time which one might expect when they become a Director of AFCU. We hope that the information below will assist you in clarifying your obligations should you become a Director. However, if you have any questions regarding the information, or wish to learn more about the Credit Union's Governance structure/practices, please contact our CEO.

Committees

1 Full Board

The Board of Directors consists of 7 Directors, each elected by the Membership for a term of three years, subject to a term-limit of 30 years in office. The Board is responsible for establishing corporate objectives, policies and performance standards and measuring their achievement and hiring and delegating authority to the CEO.

2 Board Committees

The Board has established 2 *standing Committees which are assigned responsibilities to assist the Board to carry out its mandate.*

The current Committees and their mandates are as follows:

A. *Audit Committee: The Audit provides the Board with reports on matters related to accounting and financial reporting practices, risk management, and internal and external control procedures. The Audit is charged with a number of statutory responsibilities, as required under the Credit Union Act. It also reviews and recommends the annual financial statements to the Board. It is responsible to ensure effective management of operational risk as well as capital, liquidity management and internal control systems are at acceptable levels.* B. *Nominating Committee: The Nominating Committee is responsible to oversee the Director Nomination, Evaluation, Selection and Election processes for Board Candidates, as well as the oversight of activities associated with the Annual General Meeting of Members, including the development of the Annual Report.*

Meetings / Time Commitment

Board meetings are held monthly. It is expected that, in addition to the actual time spent at a Board or Committee meeting, a Director will fully review all materials (e.g., Board materials, Committee agendas and supporting material) provided prior

to attending each meeting. Materials for all Board and Committee meetings are emailed to all directors. The Board package is available generally the Friday prior to the scheduled meeting. Meetings take place the third Tuesday of every month unless otherwise noted. Elected Directors are expected to be able to receive, print and communicate via electronic means. While the amount of time required for this task will vary for each individual it is not unusual for a Director to spend approximately 2-4 hours preparing for a Board meeting or for some Committee meetings.

While travel time to and from meetings will vary with each Director, it is another factor to be considered. All Directors will sit on at least one Committee.

Attendance at all Board and Committee meetings is tracked and reported to the Board. While occasional conference calls are held to deal with special issues between regularly scheduled meetings, for the most part Directors are expected to attend meetings in person. Under exceptional circumstances the Chair may allow participation in a meeting via telephone conference.

The following meeting summary shows the approximate time commitment for each Director during the course of a year:

MONTHLY BOARD MEETINGS	Board meetings begin at 4:30 pm and are usually held on the 3 rd Tuesday of every month (allow 2.0 hours per meeting). The location of the meetings is at the Credit Union's head office at 5401 Eglinton Ave W suite 110 Etobicoke, ON M9C 5K6
ORIENTATION PROGRAM	Newly elected Directors are expected to complete the Board Orientation Program within 90 days following election to the Board.
AUDIT AND RISK COMMITTEE	Meets approximately 4 to 6 times a year (allow 2 hours per meeting).
NOMINATING COMMITTEE	Meets approximately 2 • 3 times per year (allow 1.5 hours per meeting)
ANNUAL GENERAL MEETING	Usually held during the 3rd week in June during the evening (allow 2.5 hours).

Education

AFCU considers training and development programs for our Directors extremely important to assist them in understanding the roles and responsibilities of being a Director of a Credit Union. In 2012, the Deposit Insurance Corporation of Ontario (DICO) set out minimum expectations for individual Director Competencies which will require various programs be completed within certain time frames. A copy of this directive can be obtained upon request or by visiting www.dico.com.

The Board allocates funds annually for training and development purposes, and it is incumbent on each Director to consider additional opportunities for development wherever possible.

Remuneration

Directors are paid a monthly honorarium in recognition of the significance of the accountabilities and responsibilities associated with governing the Credit Union, and in recognition of the time required for Directors to fulfill their responsibilities. As well, reasonable expenses incurred while attending offsite meetings, educational courses and conferences are reimbursed as per Board policy.

REMINDER: Please ensure you have followed all of the steps outlined under **Review and Completion of the Board of Director Nomination Package** on page 3 and that the forms are properly signed and dated.

PLEASE FULLY COMPLETE AND RETURN PAGES 7, 8, 10, 11 and 12 and mail to
the
Attention of the Chair of the Nominating Committee,
5401 Eglinton Ave W Etobicoke, ON M9C 5K6 by the close of business on
Wednesday May 22, 2019

A listing of our branch hours can be found at www.airlinecreditunion.ca or by calling
905-673-7262 Ext 224

More information regarding credit union Director Roles and Responsibilities as well as general information on how Ontario credit unions are regulated can be found on the
Deposit Insurance Corporation of Ontario web site

www.dico.com

Thank you once again for your interest in volunteering for the role of Director on the
Board of AFCU.