



Helping you reach a brighter financial future

Directors Orientation Package


2010



Directors Orientation Package

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Eligibility for Election

- Member in good standing of TCSB Employees Credit Union
- No record of bankruptcy/ clean credit check
- Willingness to learn, prepare for meetings, and attend training

Duties and Obligations

Directors are “fiduciaries” of the organization they serve and are expected to fully participate in orientation and development opportunities. They have an obligation to act honestly and in good faith with a view to the best interests of the credit union, and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In particular:

- Providing Stewardship
- Exercising Sound Business Judgment
- Respecting and Contributing to the Values of the Credit Union
- Respecting and Abiding by Laws, Regulations, and Credit Union By-Laws and Policies
- Acting for the Credit Union as a Whole
- Speaking with One Voice
- **Fiduciary Duties**
Directors are elected by the membership. Once elected, their primary fiduciary duty is to act in good faith and with a view to the best interests of the Credit Union, not any particular member or group of members. This means:
 - acting in the best interests of current and future members
 - maintaining the confidentiality of information obtained as a Director
 - disclosing information that would be important for the Board to know in making its decisions
 - disclosing conflicts of interest
 - complying with the Act and any associated Regulations
 - taking positive and proactive steps to protect the interests of the Credit Union
 - bringing an independence of mind to their Director duties
 - working to build trust and co-operation among members and between the Board and stakeholders.
- **Acting with Care, Diligence and Skill**
Directors must devote sufficient time and attention to the affairs of the Credit Union so that they are in a position to exercise informed judgment.

***Duties of a Board as defined under DICO By-Law #5 are available in detail (Check appendix in full orientation package)**

Credit Union and Caisses Populaires Act, 1994 – See appendix A



Board Commitments

Meetings:

Regular Board Meetings - The Board meets regularly once per month (Usually 3-4hrs)

- Sample Board Agenda (Appendix C)

Committee Meetings – committees meet as required (2-3 per month average-usually 1-2 hrs)

- Audit, Governance, Member Relations*, Human Resources* Nominations* (* ad hoc committees)

Planning Meetings - The Board meets 1-2 Saturdays per year for planning purposes

Absentee Policy – Directors may be removed from the Board for absenteeism

Honorarium

- Director's receive \$40 for meetings under 3 hrs
- Director's receive \$75 for meetings over 3 hrs

Director training:

Credit Union Institute of Canada:

Credit Union Director Achievement Program

With the introduction of the new Credit Union Director Achievement Program (CUDA), training for Directors of Canada's Credit Unions is among the most progressive in the world! Director training is provided through Central I. All Directors are expected to participate in training on an ongoing basis. The training allows for self directed timing and choices. There are 9 modules and electives.

For details contact:

- Contact the office at 416.229.5315 or visit www.tcsbecu.com

New Directors elected to the Board will receive a more detailed Director's binder for orientation purposes



Credit Unions -- What Are They?

Credit Unions are financial co-operatives -- financial institutions that are owned, operated and directed by the members they serve. While they offer many of the same services as chartered banks and trust companies, Credit Unions have evolved from a different philosophical, historical, and operational background. For example, everyone who uses the services of a Credit Union is a member and shareholder of that Credit Union. As shareholders, members may participate in decision-making and may share in good financial results. Over the years, Credit Unions have distributed dividends to their members worth several million dollars.

Alphonse Desjardins founded the first Credit Union in Levis, Quebec, in 1900 under its French name Caisse Populaire. Today, about 5.1 million Canadians are members of Credit Unions or Caisses Populaires.


At the end of the 3rd quarter of 2009, there were:

- 425 Credit Unions
- 1,722 Credit Union locations (branches)
- The combined assets of Credit Unions and Caisses Populaires was \$119.2 billion

What Services Do They Offer?

Credit Unions were the first financial institutions in Canada to extend personal loans -- they pioneered consumer credit. With financial well-being of their members being one of their primary concerns, Credit Unions were first to develop and offer a number of other financial services:

- daily interest savings accounts
- weekly mortgage payments
- ATMs
- the Ethical Family of Mutual Funds
- payment and debit cards



Today, Credit Unions are the consumer alternative to the banks with many Credit Unions offering a full range of financial services: (Products and services will vary among Credit Unions) Some examples of the TCSB Employees Credit Union services are given below.

- personal loans and mortgages
- personal lines of credit
- chequing and savings accounts
- super Savings and US\$ Accounts
- investment options: term deposits
- financial planning advice
- registered savings plans (RESPs, RRSPs, RRIFs TFSA's)
- ATM networks, telephone banking, PC banking
- credit cards
- travel, Home and Auto Insurance
- title insurance

* Refer to Appendix B for staff and Directors of TCSB Employees Credit Union



Appendix A:

Credit Unions and Caisses Populaires Act, 1994 Chapter 11

PART VII GOVERNING THE CREDIT UNION

DIRECTORS

Qualifications of directors

- 91.** Only a natural person who meets the following criteria is eligible to be a director of a credit union:
1. He or she is a member of the credit union.
 2. He or she is at least eighteen years of age.
 3. He or she is a Canadian citizen or a person lawfully admitted to Canada for permanent residency who is ordinarily resident in Canada. 1994, c. 11, s. 91.

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 more than ninety 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.
 5. 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 (4) and who has not received a pardon for the offence.
 6. 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.
 7. An employee of the credit union or a league in which the credit union is a member, or an employee's spouse, same-sex partner, parent or child.
 8. A professional adviser to the credit union.
 9. An employee of the deposit insurer or stabilization authority for the credit union.
 10. A public servant employed in regulating credit unions.
 11. One who does not complete a prescribed training program as required by the regulations. 1994, c. 11, s. 92 (1); 1999, c. 6, s. 19 (3).



Exception

(2) Despite paragraph 7 of subsection (1), an individual is not disqualified from becoming a director solely because,

- (a) he or she provides, without remuneration, services to the credit union that are ordinarily provided by an employee; or
- (b) he or she is the parent or child of an employee of the credit union and the employee is not an officer of the credit union. 1994, c. 11, s. 92 (2).
- (3) SPENT: 1994, c. 11, s. 92 (3).

Type of offence

- (4) The offence must be one that,
 - (a) is related to the qualifications, functions or duties of a director of a body corporate;
 - (b) involves theft or fraud punishable by a term of imprisonment for five years or more;
 - (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*. 1994, c. 11, s. 92 (4).

POWERS AND DUTIES OF THE BOARD

Duties of the board

104. (1) The board shall manage or supervise the management of the business and affairs of the credit union and shall perform such additional duties as may be imposed under this Act, the regulations or the by-laws.

Specific duties

- (2) Without limiting the generality of subsection (1), the directors shall,
 - (a) establish investment and lending policies, standards and procedures in accordance with section 190;
 - (b) establish procedures to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information; and
 - (c) designate a committee of the board to monitor the procedures.



Appendix B:

TCSB Employees Credit Union

Board of Directors

Horace Moore	President
Waldo Aristizábal	Vice-President
Althea Parsons	Corporate Secretary
Lewis Thomas	Director
Paula Chambers	Director
Courtney Doldron	Director
Maria Leitao	Director

Staff

Sonia Coombs	CEO/General Manager
Yves Ah Chin Kow	Controller (Contract)
Faye Castle	Branch Administrator
Kathleen Vieira	Senior Lending Services Officer
Charmaine Coy	Lending Services Officer
Amanda Matthews	Member Services Officer
Kimberly Kavanagh	Member Services Representative
Sezina D'Souza	Member Services Representative



Appendix C:

Sample Agenda: Board Meetings

Meetings begin with an in camera session at 4:30pm and usually end between 7:00 and 8:00pm

Present:

- 1. Call to Order**
- 2. Opening Prayer**
- 3. Approval of the Agenda**
- 4. Minutes of Previous Board Meetings**
- 5. Action Plan and Annual Cycle Review**
- 6. President's Report**
- 7. Controller's (Contract) Report**
- 8. CEO/General Manager's Report**
- 9. Governance Committee Report**
- 10. Audit Committee Report**
- 11. Human Resources Committee Report**
- 12. Member Relations Committee Report**
- 13. Nomination Committee Report**
- 14. Unfinished Business**
- 15. New Business**
- 16. Correspondence**
- 17. Adjournment:**

Next Meeting Date:

President

Secretary



Duties and Obligations of Directors

Legal Responsibilities

The legal responsibilities and obligations of Directors have their roots in:

Legal documents that establish and empower the Credit Union, including:

- *Credit Unions and Caisses Populaires Act* (the “*Act*”) and associated regulations
- Incorporation documents and By-Laws of the Credit Union made pursuant to the *Act*
- Policies established by the Board of Directors
- Directives of the Ministry of Finance
- DICO’s Sound Business and Financial Practices Reference manual.
- Common Law duties and responsibilities applicable to corporate Directors.

As a general premise, there are no conflicts between the empowering documents and common law requirements. This policy focuses on the generic responsibilities of Directors, and specific requirements can be verified in the wording of the Act, By-laws or other specified documents.

Duties and Obligations

Directors are “fiduciaries” of the organization they serve and are expected to fully participate in orientation and development opportunities. They have an obligation to act honestly and in good faith with a view to the best interests of the Credit Union, and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In particular:

Providing Stewardship

Directors have a role of stewardship of the Credit Union. Stewardship means that a Director should exercise leadership visibly and be assertive when necessary. Stewardship also requires vision and forward thinking, particularly in areas such as strategic planning and identifying areas of risk.



Fiduciary Duties

Directors are elected by the membership. Once elected, their primary fiduciary duty is to act in good faith and with a view to the best interests of the Credit Union, not any particular member or group of members. This means:

- acting in the best interests of current and future members
- maintaining the confidentiality of information obtained as a Director
- disclosing information that would be important for the Board to know in making its decisions
- disclosing conflicts of interest
- complying with the Act and any associated Regulations
- taking positive and proactive steps to protect the interests of the Credit Union
- bringing an independence of mind to their Director duties
- working to build trust and co-operation among members and between the board and stakeholders.

Individual Directors may bring specific knowledge of a geographic area or cultural/sectoral dimension that, when shared appropriately, can be valuable to the Board in making its decisions. Nonetheless, a Director must ultimately vote on an issue based on his or her perspective in furthering the interests of the Credit Union.

Acting with Care, Diligence and Skill

Directors must devote sufficient time and attention to the affairs of the Credit Union so that they are in a position to exercise informed judgment.


Directors must use all of their skills and experience in carrying out their duties. A Director has a common law duty to exercise the level of care, scrutiny and supervision that a prudent person (taking into account such person's level of skill, knowledge and education) would exercise in comparable circumstances.

Exercising Sound Business Judgment

Directors must exercise sound business judgment and act reasonably and in good faith, without a conflict of interest.

Consistent with the requirements of due diligence; Directors ensure that:

- adequate information is available
- agendas and background documents are provided prior to meetings
- they attend meetings and ask questions with independent minds
- they establish the appropriate committees to ensure that certain matters



receive an in-depth and expert examination that would be difficult for an entire Board to conduct. Objections to Board motions are recorded in the official minutes, otherwise it is deemed that a Director is in agreement with the motion.

Directors who are absent from a Board meeting will, by virtue of the Act, be deemed to have consented to or acquiesced in a decision taken at that meeting unless the absent Director, upon becoming aware of the decision, indicates his/her dissent by delivering notice of that dissent to the Credit Union within seven days, or requesting that his/her dissent be placed in the minutes of the meeting. Notwithstanding having recorded a dissent, Directors speak with “one voice.”

Respecting and Contributing to the Values of the Credit Union

Directors abide by, respect, and contribute to the fulfillment of the By-Laws, objects, mission, vision and values of the Credit Union. They conduct themselves in a manner befitting the Credit Union and promote the Credit Union, its purpose and values among Members, stakeholders, and the community.

Respecting and Abiding by Laws, Regulations, and Credit Union By-Laws and Policies

Directors respect and abide by legal and regulatory requirements and the policies of the Credit Union, such as they exist at present and may, from time to time, be agreed by the Board. This includes taking care to ensure that their conduct cannot be interpreted as being in contravention of applicable laws and regulations.

Acting for the Credit Union as a Whole

Pursuant to section 144 of the Act, Directors act for the Credit Union as a whole rather than for:

- a Director’s own personal interest
- groups whose positions a Director might favour
- predecessor Credit Unions.

Speaking with One Voice

Directors support the decisions of the Board of Directors. After the Board has reached a recorded decision, Directors speak to the CEO and to members with a “single voice” and refrain from all public criticism of the Board’s decision.

Directors exercise power collectively through resolutions of the Board under the authority of the Credit Union’s Articles of Incorporation and By-Laws. Unless given specifically delegated authority, a Director has no individual authority to act on behalf of the Credit Union.



Conflict of Interest Duties and Obligations

A Director's fiduciary duty to the Credit Union carries with it an obligation to avoid situations in which their personal interests could conflict with the best interests of the Credit Union, In particular:

a. Putting the best interests of the Credit Union first

Directors must give the highest priority to the interests of the Credit Union and disclose any conflict of interest between their personal interests and those of the Credit Union.

If a Director has a loyalty to other individuals, groups or entities that would impair his or her judgment on a decision within his or her sole or shared authority, the Director must disclose this potential conflict to the Chair and ask for direction. This disclosure is made whether or not the *Act*, Regulations or the Credit Union's other policies and procedures would require the disclosure in the specific circumstances.


b. Not accepting secret commissions

If any personal reward or benefit is offered to a Director by any supplier of goods or services to the Credit Union or a Member, the Director must decline the offer immediately and advise the Chair of the offer at the earliest opportunity.

c. Political support

Since the Credit Union's membership encompasses the entire community, it does not endorse any one candidate or political party at any time. Directors maintain an attitude of strict impartiality at public gatherings at which they are representing the Credit Union. The Credit Union will, in turn, respect the right of Directors to absolute privacy with regard to personal political activity, and will not attempt to influence or discourage any such activity, as long as it is not detrimental to the Credit Union.

Credit Union funds, goods or services, may not be used as contributions to political parties or their candidates. Credit Union facilities may not be made available to candidates or campaigns, except as specifically recommended by the CEO and approved by the Board. Notwithstanding the above, it is permissible for the Credit Union to purchase tickets for, and for officers to attend, public events sponsored by persons holding political office or their parties/riding associations, even if a sponsoring political party is required by law to report the ticket price, or any portion thereof, as a political donation by the Credit Union.



d. Using Credit Union assets for personal use

Directors are not permitted, either during or after their service with the Credit Union, to use for their own purposes or those of their relatives or friends anything entrusted to them to use on behalf of the Credit Union or affiliated organization. This includes land, buildings, equipment, services of employees, money and confidential information. The fact that the use may not result in any loss to the Credit Union is irrelevant.

e. Public communications

When communicating publicly on matters that involve Credit Union business, the Chair, or another person authorized by the Chair, speaks for the Board.

A Director, when dealing with anyone outside the Credit Union, including public officials, takes care not to compromise the integrity or damage the reputation of any outside individual, business, or government body, or that of the Credit Union. As a general rule, senior management will communicate the Credit Union's position on public policy or industry issues.

Directors separate their personal roles from their Credit Union positions when communicating on matters not involving Credit Union business. If publicly introduced at public gatherings, Directors may allow his or her connection to the Credit Union to be identified, if the identification is part of a general curriculum vitae and the context of the event is such that it is obvious that the views expressed by the Director do not represent the views of the Credit Union.


f. Contracting with suppliers

Authorized Credit Union officers may enter into a contract on behalf of the Credit Union with a supplier of goods or services, provided that the contract is in the best interests of the Credit Union.

No Director will attempt in any way to persuade or influence a supplier to accept less than the contract price in order to ensure that the supplier will be considered for, or awarded, future contracts.

g. Restricted party transactions

Under the *Credit Union and Caisse Populaires Act*, Directors are deemed to be "Restricted Parties". Where a Restricted Party has borrowing transactions with the Credit Union, either personally or through a business where the



Director is an owner, approval of such transactions is required at the Board level. This generally results in a delay in the approval time frame and requires greater disclosure of the details of these transactions to the Board.

Privacy and Confidentiality Duties and Obligations

a. General duty to maintain confidentiality

Every Director and Officer, unless otherwise specifically granted permission to disclose the information, keeps confidential all information respecting the Credit Union's business and members' transactions.

In respect of information pertaining to members' transactions with the Credit Union, an Officer or Director may, in addition to any specific consent granted by the member, subject to *Personal Information Protection and Electronic Documentation Act* (PIPEDA) and the Credit Union's privacy code requirements, disclose such information in the following circumstances:

To a person acting in a confidential or professional relationship to the Credit Union.

To a credit grantor or to a reporting agency, if the disclosure is for the purpose of determining the credit worthiness of the member.

To the regulator or deposit insurer or stabilization authority for the Credit Union.

To protect the interests of the Credit Union.

To any person entitled to the information by force of law.

Where any confidential information of any kind is disclosed under any circumstances, an Officer or Director has a duty to advise the Chair of the Board and the CEO forthwith. The Chair designates items discussed at Board meetings as confidential when such matters are not to be made available to persons other than those persons at the Credit Union who need to know.

b. Compliance with privacy law and the Credit Union's privacy code

The duty of Directors to maintain confidentiality includes a commitment to comply with PIPEDA and the specific requirements arising out of that law and the privacy code of the Credit Union.

The Board is responsible to ensure that a privacy policy is in place for Directors and employees of the Credit Union and that the policy is in compliance with privacy legislation.

c. Access to advice



Directors are expected to increase their understanding about Credit Union business through exposure to issues, training, and seeking and receiving legal advice as required.

The Board and/or individual Directors can obtain independent advice about any legal, risk management, accounting or other technical issues facing the Board of Directors at the expense of the Credit Union, with the prior approval of the Board.

Duty to Comply and Disclose

All Directors of the Credit Union are required to comply with the duties and obligations as described above.

Every Director is provided with a copy of “Section 3 - Duties and Obligations of Directors”, and is required to sign annually a statement indicating their understanding of the policy and agreement to comply with the policy.

If a Director is in doubt about the application of this policy in any given circumstances, he or she should discuss the matter with the Chair of the Board.


On an annual basis following the Credit Union’s Annual General Meeting (and as required by circumstances from time to time) each Director and Officer of the Credit Union declares his/her economic interests and the economic interests of his/her spouse and minor, dependent children by completing both:

- a restricted party disclosure form, in the form prescribed by the Board of Directors from time to time; and
- a conflict of interest disclosure form, in the form prescribed by the Board of Directors from time to time.

Contravention of this Policy

The Credit Union treats any contravention of this policy as a serious matter. However, any suspected or alleged contravention will be investigated in a manner that is fair to the Director, and treated with the utmost confidentiality.

If a Director becomes aware, or has reasonable grounds to suspect, that a contravention of this policy has occurred or is about to occur, he or she will promptly advise the Chair of the Board for further investigation. The Chair will take action according to the process described in this policy in “Section 7 - Structure / Role of the Board”, describing the Role of the Chair and Vice-Chair. If the concern is regarding actions of the Chair, the Director will advise the Vice Chair who will take appropriate action according to the process described also in Section 7.



If a contravention occurs, to ensure confidentiality and impartiality, the person making the accusation should not confront the person accused of the contravention.

If a Director believes that his or her own actions have, or may have, contravened this policy, he or she should advise the Chair of the Board.

Directors who fail to fulfill their duties and obligations as described in this policy are subject to a review process and possible sanctions up to and including removal from office.

In the event of a contravention of this policy that is either:

- a misappropriation or misdirection of funds, securities or other property of the Credit Union; or
- a contravention of the Act, the Regulations or the Credit Union's By-Laws by the Board, a Director, a committee member, an Officer, or the senior management employee,

The person discovering the alleged contravention notifies the Credit Union's Audit Committee and the Audit Committee deals with the alleged contravention in the manner prescribed by section 138 of the *Act*.



Protection Against Liability

The purpose of this section is to describe the personal liability protection the Credit Union provides for Directors and Officers.

Directors of the Credit Union are entitled to the full protection permitted under the *Act*, against personal liability.

In addition to assist Directors in being duly diligent, the Credit Union provides Directors with:

- access to professional advisors
- advance notice of meetings and agenda items
- maintenance of complete corporate records, including minutes for all Board and committee meetings,

Also, the Credit Union provides Directors with:

- personal indemnification on the basis permitted by the Act and the Credit Union's By-Laws and as authorized by the Board of Directors from time to time
- "Directors' and Officers' liability insurance" under policies pursuant to coverage that is consistent with best practices in the financial services industry.

The form of indemnity and the type and extent of Directors and Officers liability insurance coverage is reviewed by the Audit Committee on an annual basis.