

<b>BOARD POLICY</b>		
Original Approval Date	<b>August 27, 2019</b>	<b>Board Endorsement Policy</b>
Date of Policy	<b>August 27, 2019</b>	
Next Review Date	<b>August 2020</b>	
Owner: Governance Committee		<b>POLICY # G11</b>

**PURPOSE**

The purpose of this Policy is to (i) clarify the expectations and standards by which candidates will be selected for possible inclusion in the Credit Union’s recommended slate of candidates during the elections process and (ii) promote transparency and ensure consistency in the process followed to determine whether a candidate should be endorsed.

**POLICY STATEMENTS**

- (i) Connect First believes in the value of endorsement as a governance practice which supports board effectiveness, board relevancy and board renewal;
- (ii) Connect First believes that governance practices such as endorsement provide members with assurance that a candidate’s values, interests, experience and qualifications are those that would enhance the boards’ current composition;
- (iii) Connect First believes that a Board elected democratically is consistent with its cooperative roots and credit union values and will ensure that its elections practices, including endorsement are fair, transparent and aligned with the democratic process;
- (iv) Connect First welcomes and values applications to become a Board member from all members who meet the eligibility criteria set out in its bylaws and the skills and competencies published to the membership annually;
- (v) Connect First seeks and encourages diversity on its Board and in alignment with its Diversity Policy may use endorsement as a mechanism for achieving this. Through its approach to actively encouraging diversity, the board will reflect the need to provide good governance and ensure board members have the required governance skills, as well as complementary perspectives;
- (vi) Connect First strives to ensure that the Board as a whole possesses the skills and experience relevant to the credit union’s needs, which evolve to accommodate changes to Connect First’s operating environment, risk appetite and/or external opportunities or challenges;
- (vii) Connect First is committed to demonstrating transparency and accountability to all stakeholders and as such this Policy will be published for all to access on the Connect First website.

## GUIDELINES

1. Annually, the Board Governance Committee will review and assess the board composition based on a Board Skills and Competencies Matrix and determine where there are any potential gaps in skills and experience. Additionally, in reviewing the board's composition, the committee will consider diversity, as defined in the Diversity Policy, to maintain an appropriate mix and balance of diversity of representation.
2. The outcomes of this review are used to provide guidance to the Nominations Committee and forms the proposed recruitment criteria that are published to the membership as part of the call for nominations for candidates for the annual board elections.
3. To avoid possible conflict of interest The Nominations Committee is made up of Board members whose terms do not expire in the current election year. The Nominations Committee's mandate is to identify qualified candidates for election, and to oversee a fair and transparent elections process.
4. To provide members with relevant information to enable them to make an informed choice through the elections process; the Nominations Committee will apply a maximum to the number of candidates endorsed. This will be up to the number of vacancies on the Board plus 2. The actual number of candidates endorsed may be less depending on the qualifications of candidates. For example, if 4 vacancies are available, the Nominations Committee could endorse up to 6 candidates.
5. Incumbent directors will not be automatically endorsed by the Nominations Committee. Incumbent directors who wish to return to the board must follow the same process as other candidates.
6. All candidates (whether or not they have been endorsed) will have equal opportunity to represent their candidacy to members.
7. The Nominations Committee is responsible for conducting a structured interview with all candidates to gather consistent data and to objectively assess (using a scoring matrix) how candidates meet, or do not meet, the published recruitment criteria. This will inform their decisions regarding endorsement. They will strive to endorse the most qualified candidates based on the published needs of the Board.
8. As part of the endorsement process and assessment of whether a candidate is qualified under the Bylaws and Credit Union Act, a background check will be conducted once the candidate has provided their consent. Candidates whose background check indicates that they are disqualified, based on the results of the Criminal Record Check, Credit Inquiry, or other checks, will not be interviewed.
9. The Nominations Committee may engage an external advisor to assist the Committee in conducting a preliminary screening or interview and support the candidate endorsement process and recommendation of those candidates who are the most qualified based on the published needs of the Board.

10. In conducting interviews of proposed candidates, the Nominations Committee shall generally use the same or similar questions for each proposed candidate in order to elicit responses to the same areas of review. However, the Nominations Committee members may ask supplementary and probing questions in order to clarify the experience, skills, qualifications, attributes and behaviours of the candidates.
11. After interviewing each candidate, the Nominations Committee collectively discuss their assessment of the candidate. Based on the committee's overall assessment of director candidates and requirements of Bylaws, they will identify candidates that, in the committee's view, would best fill the available seats and strengthen the board (the "endorsed" candidates).
12. During the interview process, information may be gleaned that would cause an application to be invalid and therefore determined not acceptable. The Committee may need to seek counsel on such matters and, if the application is deemed invalid, the applicant will be so advised by the Nominations Committee, through its Chair, in writing by email.
13. In advance of voting commencing, the Nominations Committee, via its dedicated Management Resource will connect with all eligible Board candidates, confirm that they have been placed into candidacy and advise whether they have, or have not, been endorsed. At that time, all eligible Board candidates are given the opportunity to confirm, or withdraw, their candidacy.
14. Candidates who are not endorsed by the Committee may choose to place their name on the ballot to stand for election. Candidates wishing to do so must advise the Management Resource within 48 hours of the Committee's communication regarding its final recommendations. For greater clarity, the notification from the candidate must be received within 48 hours from when the communication was sent by the Management Resource. In the event that any such candidate fails to advise the Management Resource within the period outlined above, that candidate will not be placed on the ballot to stand for election.
15. Committee's decisions regarding candidate eligibility under the Bylaws and Credit Union Act and candidate endorsement are final.

## **MONITORING AND REPORTING**

The Governance Committee will review this policy and its effectiveness annually and recommend any necessary revisions to the Board for approval.

The Nominations Committee will provide a report to the membership on the Director Elections at the AGM.

## **APPLICABLE STANDARDS/RELATED LINKS**

- Connect First Board Conflict of Interest Policy & CFCU Board Diversity Policy
- Connect First Credit Union Bylaws 8.2 and 9.1
- Credit Union Act (Alberta): Section 65
- CUDGC Standards of Sound Business Practice:
  - G1 - Understand and Fulfill Responsibilities*
  - G7 - Establish standards of Business Conduct and Ethical Behaviour*