

**TCU FINANCIAL GROUP  
BOARD OF DIRECTORS  
TERMS OF REFERENCE**

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**Purpose**

The Board of Directors has ultimate accountability for the governance of the credit union, pursuant to governing legislation and bylaws.

The relationships between management, members, other stakeholders and the individuals on the Board are critical to meeting this accountability.

The Board's role is to approve and oversee sound policies and business strategies to support the aims and objectives of the credit union and to ensure it is effectively managed for the overall long term benefit of its members and employees.

As members of the Board, Directors will be elected to the offices of Board Chair and Vice Chair. In addition, Directors will be asked to serve on committees: Audit Committee, Business Transformation Committee, CEO Compensation & Performance Review Committee, Conduct Review Committee, Executive Committee, Governance & Human Resources Committee, Risk Committee, and any others that may be required.

The Board of Directors is responsible to:

- Maintain a current knowledge of the provisions of *The Credit Union Act, 1998*, the Credit Union Regulations, 1999, the Credit Union Insurance Business Regulations, the Standards of Sound Business Practice, the Corporate Governance Guideline and Prudential Standard and credit union policies as they relate to the responsibilities and duties of the Board.
- Select, appoint and retain a qualified and competent Chief Executive Officer with capability to manage the operations of TCU Financial Group Credit Union and its subsidiary.
- Evaluate the effectiveness of the Chief Executive Officer's performance in managing the operations of the credit union and the risks to which it is exposed.
- Plan for Chief Executive Officer's succession.
- Ensure the credit union has a sound control environment that supports effective strategic management, capital management and risk management processes.
- Establish a mission, vision and values for the credit union, and ensure ongoing relevance.
- Evaluate and approve the business strategy and business plan for the credit union.
- Monitor actual operating and financial results in relation to business objectives, business strategy and business plan.
- Review, approve and maintain policies, frameworks and practices.
- Monitor and obtain reasonable assurance of compliance with legislation, Standards of Sound Business Practice and policies.
- Review, approve and monitor compliance with the Code of Conduct and conflict of interest policies.
- Establish and prescribe the mandate for the Board and board committees.
- Plan for board succession, and evaluation of the Board and individual Directors.
- Specify the content and frequency of management reports to the Board.

- Establish the mandate and approve the plan for the independent audit function.
- Seek from the independent audit function validation of management’s assertions, as well as assurance that processes, policies, procedures and controls are being adhered to.
- Maintain an objective relationship with regulators and auditors that includes review and, to the extent possible, implementation of recommendations.
- Obtain, on a regular basis, reasonable assurance that the credit union is “in control”, which refers to the ability to demonstrate operations are subject to effective corporate governance, managed in accordance with appropriate, prudent and effective strategic management, capital management and risk management processes and supported by a sound control environment.
- Monitor member and community relations.
- Consider reports from senior management, as required, on material developments in the credit union’s relationship with its regulator. The Board shall meet with the credit union’s regulator, Credit Union Deposit Guarantee Corporation, as required.
- If the Board is informed of a complaint directly by a member, the onus is on them to pass any information, via the CEO, to effectively deal with the complaint process. The Board should be kept informed of any legal & regulatory complaints; this is typically done in-camera.
- TCU has a dedicated spot on our website for members to “Contact the Board”. The Governance Specialist will follow the necessary steps & inform the Board as required. The Board does not participate in the day-to-day operations of TCU and most often is not normally in the best position to respond to these matters. At any time the Board can request to see the log of correspondence.
- Review reporting from the Corporate Social Responsibility (CSR) Committee on a regular, at least annual, basis.
- Review and approve the Business Continuity Plan on an annual basis.
- Review and approve the Strategic Planning Policy.
- Review and approve the Strategic Planning Framework.

It is appropriate that Directors clearly understand what is expected of them. The Standards of Sound Business Practice indicate that a Director is responsible to:

- Act honestly and in good faith with a view to the best interests of the credit union.
- Exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.
- Comply and cause the credit union to comply with legislation pertaining to credit unions, orders of the Registrar, orders of the Corporation, the Standards of Sound Business Practice, financial and business practice directives and the credit union’s articles and bylaws.

The Director as an individual is responsible for:

- Devoting the necessary time to the important role entrusted to them. All Directors should consider the number and nature of the directorships and calls on their time from other commitments.

Individual board members are expected to adhere to the concept of “in control”, which refers to the ability to demonstrate operations are subject to effective corporate governance, managed in accordance with appropriate, prudent, and effective strategic management, capital management and risk management processes and supported by a sound control environment.

**Composition**

The Board of Directors is comprised of ten members of the credit union elected by the membership. A Chair and Vice Chair will be elected by the Board. The Chief Executive Officer shall attend meetings and act as secretary. The Governance Specialist will attend as required.

**Quorum**

A quorum requires the attendance at meetings of a majority of the Board.

**Board of Directors Work Plan**

The credit union has adopted the Board of Directors Work Plan as attached to these Terms of Reference.

**Authority of the Board of Directors**

The Directors of the credit union constitute its governing and managing body with authority to exercise all the powers of the credit union, except where their powers are expressly restricted by statutes or bylaws.

The Board shall appoint the CEO to manage the business of the credit union within the policy and strategy framework approved by the Board.

The functions of the Board of Directors can only be performed by the Board as a whole and cannot be assumed by any one individual Director.

Authority to review issues and recommend action to the Board can be specifically delegated by the Board to Committees or by assignment of duties to individuals.

No individual member of the Board has the power to direct or engage in any Management function.

Matters of concern to individual Directors will be brought forward for consideration of the Board for appropriate action.

**Meetings**

The Board of Directors meets on a regular schedule that it develops and at the call of the Chair. Directors will be provided with a minimum meeting notice of seven days for in-person meetings, and not less than 24 hours for meetings using telephone, video, electronic or other communication facilities.

Remuneration for Board members will be in accordance with the remuneration policy of the credit union.

**Reporting**

The results of the deliberations, discussions and any actions will be recorded in the meeting minutes.

The Board will provide any reports required by legislation to the authorized authority.

*Established June 11, 2016*

*Reviewed May 6, 2017*

*Reviewed April 28, 2018*

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*Approved May 11, 2019*

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