

# Board of Directors Handbook 2025

# Notice of Nominations – Board of Directors

Notice is hereby given that nominations for Director positions on the Board of Pathwise Credit Union are open.

The nomination period shall be open from 9:00 am on Friday December 13, 2024, and will close at 5:00 pm on Friday January 31, 2025.

The Board of Directors is comprised of nine (9) elected Members. There are three (3) Board positions that become open, each year. This year, two (2) of our Directors, whose terms are ending, will be standing for re-election. As a result, we are seeking at a minimum one (1) candidate to fill the upcoming vacancy. More are welcome to apply.

On pages 10-11, further details are provided of the qualifications required to stand for election as a Director.

## **Join our Board of Directors – Making a Difference, One Member at a Time!**

As a Director on our Board, you will play a key role in guiding our member-owned cooperative, committed to financial empowerment and community impact. Here is what you can expect:

- **Remuneration:** Directors receive a fair and transparent compensation package, reflecting the value of your time, expertise, and contributions.
- **Member-Centric Impact:** Be a part of shaping the financial future of our cooperative, where decisions are made keeping the best interests of our members and the community at heart, at all times.
- **Collaborative Leadership:** Collaborate with a diverse group and gain exposure to financial trends, governance, while enhancing your professional development.

## **In order for a nomination to be valid, it must:**

- Be received by the Elections Committee during the nomination period.
- Be on the Form prescribed and signed by one eligible voting Member of the Credit Union as well as by the person accepting the nominations.

**Nomination Forms may be obtained via our website at [www.pathwise.ca](http://www.pathwise.ca) or, at any branch of Pathwise Credit Union.**

**Oshawa Branch**  
322 King Street West  
Oshawa

**Bowmanville Branch**  
221 King St. E.  
Bowmanville

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## PURPOSE OF THE HANDBOOK:

The Pathwise Credit Union Director Handbook serves as a comprehensive guide for Board Member applicants, providing essential information, guidance, and resources to fulfill their roles effectively. Its primary purposes include:

1. **Orientation:** Familiarizing prospective Directors with the Credit Union's history, mission, governance structure, and their responsibilities.
2. **Accountability:** Setting clear expectations for ethical behavior, responsibilities, and professionalism, ensuring all Directors contribute to the Credit Union's success.
3. **Continual Improvement:** Encouraging a culture of continuous learning and development through education and self-assessment.
4. **Transparency:** Promoting transparency in governance by outlining meeting procedures, financial oversight, and risk management practices.
5. **Compliance:** Ensuring the Credit Union's adherence to relevant legal and regulatory frameworks.
6. **Strategic Alignment:** Aligning Board Members with the Credit Union's strategic goals and ensuring they actively contribute to the planning and oversight process.

## Review and Updates:

The handbook specifies a process for review and update, ensuring its relevance and accuracy. This process may involve an annual review by the Governance Committee or the Board of Directors, incorporating changes in regulations and industry best practices. In summary, the Pathwise Credit Union Director Handbook is designed to facilitate effective governance, compliance, and continuous improvement within the Board of Directors, while also fostering a culture of transparency, professionalism, and accountability.

## CREDIT UNION OVERVIEW

### **Vision:**

Everyone deserves a path to financial success. Pathwise exists to guide members through their unique financial journey, no matter where they are or what they're looking forward to.

### **Mission:**

People helping people find their path to financial success.

### **Values (REACH):**

**Recognize** and meet people where they are: Pathwise values understanding and acknowledging the individual financial needs and circumstances of its members, ensuring they receive tailored support.

**Encourage** open and transparent conversations: Pathwise promotes honest and clear communication, fostering trust and collaboration between Members and the organization.

**Act with Integrity:** Integrity is at the core of Pathwise values, ensuring that all actions and decisions are made ethically and in the best interest of its Members.

**Commit** to community-based decisions: Pathwise is committed to making decisions that benefit the financial well-being of its community of Members, taking into account their diverse needs and aspirations.

**Humanize** banking: Pathwise aims to bring a personal and human touch to banking, focusing on the individual needs and experiences of its Members.

## **GOVERNANCE STRUCTURE, INCLUDING BOARD COMPOSITION AND COMMITTEES:**

The Board of Directors is regulated and overseen by the Financial Services Regulatory Agency (FSRA). The role of this provincially mandated body is broad and includes regulation and supervision, consumer protection, market integrity, stability and risk management, licensing and registration, and policy development.

### **Board Composition**

Collectively, the nine (9) Directors work together to set strategic direction, oversee financial matters, ensure regulatory compliance, and prioritize the best interests of Pathwise Members and their communities. Pathwise's commitment to this effective Board composition and term structure ensures a harmonious blend of experience and fresh insights, ultimately delivering the best financial services to its Members.

Pathwise Credit Union has established several committees at the Board level to enhance its oversight and governance structure, ensuring that it operates effectively and in line with its mission and values.

These committees play key roles in overseeing various aspects of the Credit Union's operations:

**Governance Committee:** This committee is responsible for maintaining and improving the governance structure of the Credit Union. It focuses on Board composition, development, and governance policies. The Governance Committee ensures that the Board operates efficiently and that the Credit Union's governance practices align with its mission and values. The Governance Committee meets approximately four (4) times a year.

**Risk Committee:** This committee is tasked with overseeing the credit market risk faced by the Credit Union. It evaluates the risk exposure related to lending and investments, ensuring that these activities align with the Credit Union's risk tolerance and financial stability goals. The committee's work is critical to managing the Credit Union's financial health. The Risk Committee meets approximately four (4) times per year.

**Audit Committee:** This committee is responsible for monitoring and mitigating operational and financial risks. It oversees internal controls, audit processes, and risk management procedures to ensure the Credit Union's operations are secure and compliant with regulations. It plays a crucial role in safeguarding the Credit Union's financial integrity. The Audit Committee meets approximately six (6) times per year.

**Nomination Committee:** The Nomination Committee focuses on the Board's composition and succession planning. It is responsible for identifying and nominating potential Board Members who align with the Credit Union's mission and values. This ensures a well-rounded and diverse Board that can effectively guide the Credit Union. The Nomination Committee meets on an ad-hoc basis.

**Executive Committee:** The Executive Committee provides strategic oversight and makes key decisions on behalf of the Board between meetings. Composed of all

Committee Chairs, it ensures the organization's growth, stability, and compliance. The committee guides corporate policy and supports executive leadership in achieving long-term objectives. The Executive Committee meets on an ad-hoc basis.

### **Meeting Schedules:**

It is an expectation that Board members will be members of at least two (2) committees. Committees generally meet on a quarterly basis and report back to the Board on activities and recommendations at the next Board meeting. Board meetings occur approximately six (6) times per year, as well as annually for a strategic planning session. All Directors are expected to attend the Annual General Meeting which is typically held within the month of April.

Pathwise Credit Union operates with a governance Board, emphasizing transparency, accountability, and the active participation of the Board Members in decision-making processes. Such a governance style promotes open and collaborative discussions, where Board Members work together to establish policies, set strategic direction, and oversee the Credit Union's activities. This style ensures that the Credit Union's operations are aligned with its mission and values, and that there is a commitment to serving the best interests of its members and the communities it serves.

### **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 as a per diem for each meeting attended. These payments are taxable as personal income. Reasonable expenses are reimbursed as per Board policy.

## **BOARD DEVELOPMENT AND EDUCATION**

Pathwise Credit Union provides training and development programs for our Directors as a necessary and mandatory part of carrying out the roles and responsibilities of being a Director of a Credit Union. In 2018, the Financial Services Regulatory Authority of Ontario (FSRA) set out minimum expectations for individual Director Competencies which will require various programs to be completed within certain time frames. Time commitments for education & workshops averages 2-3 hours per month, some months could be above 5 hours. It is incumbent on each Director to complete an Individual Development Plan for education and consider additional opportunities for development wherever possible.

## **LEGAL AND REGULATORY FRAMEWORK**

Key regulations and laws governing Credit Unions.

Ontario Credit Unions and Caisses Populaires are regulated under the Credit Unions and Caisses Populaires Act, 2020, which outlines the objectives, powers, and duties of the Financial Services Regulatory Authority of Ontario (FSRA). The Act also governs general terms for deposit insurance, along with other regulatory parameters.

Credit Unions are also expected to adhere to periodically issued guidance notes that

outline sound business and financial practices.

- **Credit Unions and Caisses Populaires Act, 2020**
- **Financial Services Regulatory Authority of Ontario Act, 2016, S.O. 2016, c. 37, Sched. 8**

**Board of Directors' legal responsibilities and liabilities:**

Directors of Pathwise Credit Union have a range of important duties and responsibilities to ensure the Credit Union operates in the best interests of its members and in compliance with relevant laws and regulations. These duties and responsibilities include:

**Fiduciary Duty:** Directors have a fiduciary duty to act honestly, in good faith, and in the best interests of the Credit Union. They must put the Credit Union's and its Members' interests before their own.

**Compliance with Laws and Regulations:** Directors are responsible for ensuring that the Credit Union complies with all applicable provincial, federal, and industry-specific laws and regulations. This includes the Ontario Credit Unions and Caisses Populaires Act, 2020, and regulations under this act.

**Governance:** Directors must establish and oversee the governance framework of the Credit Union, including governance policies and procedures. They are responsible for setting the strategic direction and overall goals of the Credit Union.

**Financial Oversight:** Directors are responsible for overseeing the Credit Union's financial management, including budgeting, financial reporting, and ensuring the Credit Union remains financially stable.

**Risk Management:** Directors must identify and manage risks that may affect the Credit Union's operations, including credit risk, operational risk, market risk, and liquidity risk.

**Ethical Conduct:** Directors must conduct themselves with the highest ethical standards and promote transparency in the Credit Union's operations. They should avoid conflicts of interest and act with integrity.

**Board Meetings:** Directors are required to attend Board meetings and actively participate in discussions and decision-making processes. They should be well-prepared and informed about the Credit Union's activities and performance.

**Strategic Planning:** Directors play a crucial role in the development and oversight of the Credit Union's strategic plan, ensuring it aligns with the organization's mission and objectives.

**Member Advocacy:** Directors should represent the interests of the Credit Union's Members, ensuring that their needs and concerns are taken into consideration in Board decisions.



**Audit Oversight:** Directors are responsible for overseeing the audit of the Credit Union's operations, financial statements, and internal controls.

**Continuing Education:** Directors are required to stay informed about industry developments and have an obligation to undergo training to enhance their knowledge and skills in the financial sector, which will be made available.

Failure to fulfill these duties and responsibilities can result in legal and regulatory issues and financial instability. It's essential for Directors to act diligently and responsibly to protect the Credit Union and its Members. Directors may also benefit from consulting legal and financial experts to ensure they meet their obligations effectively.

As for liabilities, Directors of Credit Union Boards can be held personally liable if they breach their legal duties or engage in negligent, reckless, or fraudulent conduct. Such liabilities may result in financial penalties or legal action against individual Directors. To mitigate these liabilities, many Credit Unions maintain liability insurance for their Board Members.

It's crucial for Directors to be aware of their legal responsibilities and to act with diligence and care in fulfilling their roles. They should also seek legal counsel or consult with experts when necessary to ensure compliance with the law and the best interests of the Credit Union and its Members.

### **Compliance and Risk Management:**

The Board of Directors of Pathwise Credit Union has significant compliance and risk management responsibilities, which are essential to ensure the Credit Union's financial stability, protect its Members, and maintain regulatory compliance. Here's an overview of these responsibilities:

#### **Compliance Responsibilities:**

**Regulatory Compliance:** The Board must ensure that the Credit Union adheres to all relevant provincial, federal, and industry-specific laws and regulations. This includes the Ontario Credit Unions and Caisses Populaires Act, 2020, and regulations and rules under this act, as well as other financial sector regulations.

**Policies and Procedures:** The Board is responsible for establishing and overseeing the implementation of policies and procedures that promote compliance. This includes setting standards for ethical conduct, privacy protection, anti-money laundering, and more.

**Risk Assessment:** Directors should regularly assess and monitor compliance risks. They must be aware of changes in laws and regulations and evaluate how these changes may impact on the Credit Union's operations.

**Audit and Examination:** The Board oversees audits and examinations of the Credit

Union's operations, financial statements, and internal controls to ensure regulatory compliance and the accuracy of financial reporting.

## **RISK MANAGEMENT:**

**Risk Identification:** The Board is responsible for identifying and understanding various risks the Credit Union may face, including credit risk, market risk, operational risk, capital risk and liquidity risk. They must consider external and internal factors that could affect the Credit Union's stability.

**Risk Mitigation and Management:** Directors should establish risk management strategies and policies to mitigate identified risks. This may include creating risk management frameworks, setting risk tolerance levels, and implementing mitigation plans.

**Risk Reporting:** The Board should receive regular reports on risk exposure and risk management activities. They must remain informed about the Credit Union's risk profile and act when necessary.

## **DIRECTOR ELIGIBILITY REQUIREMENTS**

At a minimum, the Nominee shall:

1. Be a member in Good Standing
2. Not have completed a period of twelve (12) consecutive years of service as a Director (the "Term Limit") less than one year before the meeting at which the person will be a candidate for election as a Director.
3. Have been a member of the Credit union for at least six (6) months at the close of the Nomination Period.
4. Not be the Spouse, Parent, Child or Sibling of an employee, officer, or Director of the Credit Union; or
5. Not be employed by the Credit Union or in the reasonable opinion of the Board, competes with the Credit Union, and is not the Spouse, Parent, Child, or Sibling of a person who was employed by the Credit Union, in the two (2) years immediately preceding the date of the election in which he or she seeks to be a candidate for election to the Board.

Only an individual who meets the following criteria is eligible to be a director of a Credit Union:

1. The person is a Member of the Credit Union
2. The person is at least 18 years of age.
3. The person is a Canadian citizen, or a person lawfully admitted to Canada for permanent residency who is ordinarily resident in Canada.

## **Disqualified Individuals (EXTRACTED FROM THE ACT, REGULATION 105/22)**

29 (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 the individual may be elected as director.
4. One who is unable to obtain proof of bonding insurance that is satisfactory to the Chief Executive Officer.
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 the individual 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 the individual may be elected as director, for professional misconduct.
9. An employee of the credit union or a central in which the credit union is a member or the employee's spouse, parent or child.
10. A professional advisor who provides services to the credit union in the individual's professional capacity or who has provided such services in the three years preceding the date on which the individual may be elected as a director.
11. An employee, director, or officer of the Authority.
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.

(2) An individual is not an employee for the purposes of paragraph 9 of subsection (1) solely because the individual provides, without remuneration, services to the credit union or central that are ordinarily provided by an employee.

(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 of or failure to comply with the Act, a predecessor of the Act or an Act governing a subsidiary of the credit union; or
- d. involves a contravention of or failure to comply with the Securities Act.

## CANDIDATE'S UNDERTAKING

The undersigned hereby applies to be nominated as a Candidate for election to the Board of Directors of Pathwise Credit Union.

I do solemnly undertake to:

- a) Stand for election, and, if elected, to serve as a Director;
- b) Observe the provisions of the Credit Unions and Caisses Populaires Act (the "Act"), as applicable, including the provisions of disqualified individuals;
- c) Comply with the Director's Code of Conduct and the Duties and Obligations of Directors including Conflict of Interest Guidelines adopted by the Board;
- d) Provides full, financial disclosure to the Credit Union, as required by the Board from time to time;
- e) Consent to the disclosure of credit and/or personal information to, or from any credit-reporting agency;
- f) Observes all the Credit Union's By-Laws, and the rules relating to the elections and the conduct thereof; and
- g) Resign from the Board in the event the Board has determined that as a Director, I have ceased to meet the eligibility requirements, as set out in the Credit Union's By-Laws or Section 91 of the Act or if I have met the test of any of the disqualifying criteria as set out in Section 92(1) of the Act, during my term of office

*I further understand that in order to be eligible for consideration for Nomination, this Application must be completed as required; submitted as referenced in the Notice of Nomination; and be accompanied by the following documents,*

1. A written Statement of Interest, not exceeding 200 words, which:
  - a. Provides the Membership with enough information about the Candidate from a personal and professional perspective to help them understand the skills and expertise the Candidate would bring to the Board;
  - b. Outlines the Candidate's reasons for seeking election to the Board of Pathwise;
  - c. Explains why Members should vote for this Candidate.

*This Statement will be published by Pathwise, and will be used to inform the Membership about the Candidate in its election materials;*

2. A resume which includes disclosures outlining the following:
  - a. Experience, expertise and qualifications of the Candidate;
  - b. Candidate's involvement in community activities;
  - c. Candidate's past and present service as a Director of a Board;
  - d. Any formal Director education/training accreditations; and
  - e. Candidate's professional, community or other affiliations or Memberships;
3. A recent photograph of the Candidate (preferably digital) reflecting an image that is a head shot showing head and upper body.

*The photo must meet the following specifications:*

- A passport photo, and
- Even lighting with a clear, neutral background and

- *Be taken in colour*

If you do not have a recent photograph, please set up an appointment with our Executive Assistant via [hrpathwise@pathwise.ca](mailto:hrpathwise@pathwise.ca) to have one taken at our Oshawa branch.

4. Must consent and complete forms for a criminal background and credit check when submitting your application to the Board for consideration.
5. All contents of the application for nomination must be placed in the envelope provided and dropped off at either branch location or submitted via email to [hrpathwise@pathwise.ca](mailto:hrpathwise@pathwise.ca).
  - a. 322 King St West Oshawa,
  - b. 221 King St East Bowmanville

Dated at \_\_\_\_\_ Ontario, this \_\_\_\_\_ Day of \_\_\_\_\_.

\_\_\_\_\_  
Candidate's Signature



**2025 APPLICATION FOR NOMINATION**

As a Member of Pathwise, I nominate the following person for election to the Board of Directors. As a Nominator I meet all the qualifications outlined in Appendix 1.

**Candidate Name:** \_\_\_\_\_

Address: \_\_\_\_\_

City/Postal Code: \_\_\_\_\_

Phone (Res): \_\_\_\_\_ (Bus): \_\_\_\_\_

Email: \_\_\_\_\_

**Nominator:**

Legal Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Signature: \_\_\_\_\_

**Acknowledgement of Receipt:**

Legal Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Signature: \_\_\_\_\_

## BACKGROUND/CREDIT CHECK CONSENT FORM

### Authorization

By submitting a signed version of this form, you grant your explicit consent for Pathwise Credit Union to conduct a comprehensive background/credit check, which may encompass criminal, employment, education, reference verifications, and evaluating/assessing creditworthiness as part of our assessment process. Please be aware that the findings of this criminal background/credit check may have an impact on your eligibility for becoming a Director at Pathwise Credit Union.

You maintain the right to review the information obtained and request any necessary rectifications or clarifications. Should adverse action be taken based on the contents of this report, you will be furnished with a copy of the report and informed about your rights in accordance with relevant legal requirements. It is essential to acknowledge that your consent is entirely voluntary and may be revoked at any time.

I, \_\_\_\_\_, hereby authorize Pathwise Credit Union to conduct background/credit check on me for the purpose of \_\_\_\_\_.

I understand that this criminal background/credit check may include, but is not limited to, a review of my criminal history records, including arrests and convictions, evaluating creditworthiness, as well as any other relevant information related to my suitability for the purpose.

I acknowledge that I am providing this consent voluntarily and that I have the right to withdraw this consent at any time, except were prohibited by law. I also understand that the results of this background/credit check may impact my eligibility for \_\_\_\_\_.

I release Pathwise Credit Union, its employees, agents, and any third-party background/credit check provider from any liability arising from the use of the information obtained as a result of this criminal background/credit check.

By signing below, I certify that I have read and understood the terms of this consent form and willingly grant permission for the background/credit check to be conducted.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Full Name (Printed)

\_\_\_\_\_  
SIN

\_\_\_\_\_  
Address

\_\_\_\_\_  
City

\_\_\_\_\_  
Province

\_\_\_\_\_  
Postal Code

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Email Address