

BOARD GOVERNANCE POLICY #10: "DIRECTOR NOMINATION AND ELECTION POLICY"

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1.0 General

The Board of Directors (the "**Board**") of Meridian Credit Union ("**Meridian**") has adopted this Director Nomination and Election Policy to describe the nomination process, by which candidates will be selected for possible inclusion in the Credit Union's recommended slate of candidates; and to describe the election process, by which candidates may be elected to the slate of Directors. The Nominating Committee is responsible for this Policy.

2.0 Overview and Guiding Principles

- 2.1 Meridian Credit Union Limited ("Meridian" or the "Credit Union") recognizes the importance of the recruitment, nomination, evaluation, selection and election of Board Directors and accordingly has outlined the nomination and selection processes and procedures in Appendix A to this Policy.
- 2.2 The processes and procedures provide for the:
 - a) Distribution and publication of voting and nominating information, including requirements for valid applications;
 - b) Commitment to provide proposed candidates with eligibility requirements, selection criteria and other materials to enable the candidates to make informed decisions around submitting an application;
 - c) Establishment of a Nominating Committee to oversee the director nomination and election process with specific requirements to evaluate candidates who have submitted accepted applications and determine a list of recommended candidates in a number equal to the number of vacancies;
 - d) Appointment of a Returning Officer to oversee and supervise the election process; and
 - e) Process of voting for and electing Directors.
- 2.3 Over time, it is a guiding principle and objective of the Credit Union to move towards a Board composition reflective of the composition of the communities served by the Credit Union and aligned with Section 8.4 of Board Governance Policy #1 "Corporate Governance Framework" with regards to Diversity and Inclusiveness.
- 2.4 The Board of Directors (the "Board") acknowledges the importance of its role in ensuring effective succession planning and in having policies to enable the recruitment, nomination, evaluation, selection and election processes to occur in a consistent and fair manner.

2.5 The Board is responsible for establishing a Nominating Committee to act independently in its oversight of these processes. For greater clarity, from the commencement of the Nomination Period, the Nominating Committee shall work independently from the Board. In particular, the candidates recommended by the Nominating Committee shall only be disclosed to the Board at the same time as the general Membership, with the exception of the Board Chair, who may be informed at an earlier date.

3.0 Role of the Nominating Committee

- 3.1 The Nominating Committee is accountable to provide a number of recommended candidates equal to the number of vacant positions in each election of Directors.
- 3.2 The Nominating Committee is a standing committee of the Board composed of members not eligible for re-election at the next annual general meeting.
- 3.3 Those members of the Nominating Committee conducting the interviews shall remain for all interviews, unless determined otherwise by the Committee or in the case of unforeseen circumstances.
- 3.4 Where the Nominating Committee determines that a proposed candidate does not meet the Director Eligibility Requirements set forth in Appendix B to this Policy, or the Individual Director Qualifications outlined in the Credit Union and Caisses Populaires Act – Section 91, the Committee, through the Returning Officer, advises such individual in writing by email of the decision of the Nominating Committee.
- 3.5 In addition to providing the Returning Officer with the results of its evaluation deliberations, the Nominating Committee, through its Chair, notifies all prospective candidates of the results in writing by email.
- 3.6 On an annual basis, the Nominating Committee reviews the director selection criteria and eligibility requirements, as part of its review of this policy under Section 4.0.12, with a view to making amendments to the eligibility requirements or selection criteria that would, in the opinion of the Committee, improve or enhance the recruitment, nomination, evaluation and selection of directors.
- 3.7 The Nominating Committee may delegate the interview process, in part, to a sub-committee of the Nominating Committee or to external advisors, as the Nominating Committee deems advisable.
- 3.8 The Nominating Committee may engage external advisors, as needed or deemed appropriate, to assist the Nominating Committee, at its request, with the recruitment, interview and background checks of the candidate candidates.

4.0 Role of the Returning Officer

- 4.1 The Returning Officer provides ongoing administrative and functional assistance to the Nominating Committee and to prospective candidates in order to ensure the integrity and effectiveness of the processes, including by:
 - a) Providing the Nominating Committee with periodic updates on the list or pool of potentially qualified candidates;
 - b) Maintaining a list of individuals who have been identified by employees, Directors and others as potential proposed candidates for future elections;
 - c) Providing information to interested parties, and assisting prospective candidates in understanding the nomination and election processes, as required; and
 - d) Supporting and assisting the Nominating Committee throughout its processes.
- 4.2 The Returning Officer receives and conducts initial screening of Applications before their validity is confirmed by the Nominating Committee, and makes recommendations and provides advice to the Nominating Committee regarding their eligibility and validity, as required.

5.0 Candidate Recruitment

- 5.1 The Board acknowledges that it is accountable for its own succession and, as a result, commits to the recruitment of potential candidates throughout the Board’s annual cycle.
- 5.2 Candidates for the Credit Union’s Board shall be recruited on an on-going basis with a view to maintaining a list or pool of qualified individuals who may be asked to become proposed candidates in a future election. A key principle in consideration of the creation of this pool is the quality, rather than the quantity, of prospective candidates.
- 5.3 The Nominating Committee oversees the recruitment process with a view to ensuring that it is able to provide to the Returning Officer, on an annual basis, a number of recommended candidates equal to the number of vacancies.
- 5.4 Candidate recruitment may be undertaken through such processes as:
 - a) Ongoing identification of potential qualified candidates by existing Directors;
 - b) Encouraging Management, employees and others to *identify*, but *not approach*, potential qualified candidates;
 - c) Placement of appropriate signage in the Credit Union branches and offices;
 - d) Annual newspaper and other print media advertisements;
 - e) Advertisement in business and community trade, professional and other appropriate associations and organizations; or
 - f) Publication on the Credit Union’s website.
- 5.5 Candidate recruitment should demonstrate the intent of the Credit Union to ensure that qualified candidates are included in the nomination, evaluation and selection process, as measured against the guiding principles and the Director Selection Criteria set out at section 10.0.7 in this Policy.
- 5.6 Prior to the commencement of the recruitment and nomination period, the Corporate Secretary will submit the list of names in the candidate pool to the Nominating Committee for its consideration against the matrix of desired skills and expertise.

6.0 Director Nomination Process

- 6.1 The details of the process, timeline and procedures are set forth in Appendix A.
- 6.2 With respect to the Nomination Notice, the Corporate Secretary shall ensure that a notice methodology, which will achieve the widest distribution at a reasonable cost through a combination of notice options, is adopted.
- 6.3 The Nomination Period should be established so as to allow a minimum of fifteen (15) calendar days for the receipt of Applications.
- 6.4 The Nominating Committee, based on support from the Corporate Secretary, will review the Applications to determine their validity prior to commencing the interview process.
- 6.5 The identities of any prospective candidates cannot be communicated to any third party, including to the Board Directors not on the Nominating Committee, during the nomination, evaluation, interview, selection and election processes.

6.6 The Nominating Committee acknowledges that candidates may incur some travel and other expenses related to their application. The following reimbursement criteria applies for travel expenses incurred for attendance at candidate interviews:

5.6.1 Travel expenses up to 300 kilometers one-way will not be reimbursed.

5.6.2 Travel expenses in excess of 300 kilometers one-way will be reimbursed up to a maximum of \$300 (receipts are to be provided).

7.0 Evaluation, Interview and Selection Processes

7.1 Only those candidates whose Application meets the Director Eligibility Requirements in Appendix B, and who are not disqualified based on the Individual Director Qualifications outlined in the Credit Union and Caisses Populaires Act – Section 91 and Individual Director Disqualifications outlined in the Credit Union and Caisses Populaires Act – Section 92 may be interviewed.

For greater clarity, Candidates whose background check indicates that they are disqualified, based on the results of the Criminal Record Check, Credit Inquiry, or other check, will not be interviewed. Other deficiencies in the results of the background check will be assessed by the Committee on a case-by-case basis to determine whether the Candidate should be interviewed by the Committee.

7.2 In order to manage a high volume of candidates and to respect the democratic process, the Nominating Committee may engage an external recruiter advisor to assist the Committee in conducting a preliminary screening or interview and background check of the Applications in order to identify those candidates who are the most qualified to be interviewed.

7.3 In conducting interviews of proposed candidates, the Nominating Committee shall generally use the same or similar questions for each proposed candidate in order to elicit responses to the same areas of review, as per the interview questionnaire.

The Nominating Committee members may ask supplementary and probing questions in order to clarify the experience, skills, qualifications, attributes and behaviours of the candidates.

7.4 If any Nominating Committee member has any relevant information or perspective in respect of a prospective candidate that the Committee member considers it necessary for the Committee to be aware of, such information should be shared prior to the interview with the entire Committee.

The Corporate Secretary, in collaboration with the Chair of the Nominating Committee, will also communicate with the Board, outside of a formal meeting and in advance of beginning any interviews, to determine if any Board members may have any relevant information or perspective in respect of a prospective candidate, other than any incumbent director, that they wish to volunteer. The identities of any candidates would not be communicated to the Board during such outreach, and any such communication must exclude any incumbent Directors up for re-election. Any information volunteered through this communication shall be shared with the entire Committee on a strictly confidential basis.

Subject to the foregoing paragraph, Nominating Committee shall base their evaluation of each proposed candidate only on the information that is obtained through the application process, social media review and the results of the interview, thereby ensuring that all Committee members have access to the same information.

7.5 If a member of the Nominating Committee finds her/himself in a real, perceived or potential conflict of interest situation with respect to one of the candidates, the member shall disclose, in writing, to the Committee Chair the nature and extent of his/her interest. The Committee Chair will ask to have the conflict recorded in the minutes of Committee meeting. In addition, the member will not attend the interview of the candidate. The member shall not participate in any deliberations or discussion nor vote on the candidate and the Committee Chair will ask that this process be recorded in the minutes of the Committee meeting.

If the Committee is of the view that a candidate has a real, perceived or potential conflict of interest or if a candidate discloses to the Committee a real, perceived or potential conflict of interest, the Committee Chair shall inform the Returning Officer who will review the facts and circumstances and report to the Committee on her/his recommendation.

- 7.6 In carrying out the evaluation process, the Nominating Committee recognizes that a selection objective is to achieve an overall balance of required skills and expertise across the Board. It is acknowledged that not all candidates will have all attributes and that the objective of the evaluation process is to assess proposed candidates against a combination of mandatory selection criteria that all directors must demonstrate and of optional selection criteria that are desirable skills and experience, appropriate to the current Board composition and vacancies. Where the Board, through the Governance Committee, has identified that specific skills gaps exist, the Nominating Committee is to consider filling such gaps in its evaluation analysis.
- 7.7 In evaluating candidates, the Nominating Committee members will base their evaluation on the following two principles:
- a) The best qualified candidates will be recommended that meet the specific Director Selection Criteria, established by the Board as set out at section 8.1 in this Policy; and
 - b) It is generally desirable that recommendations be made with awareness of the value of diversity, including the demographic diversity of Meridian’s Membership, as outlined in Section 8.4 of Board Governance Policy #1 “Corporate Governance Framework” with regards to Diversity and Inclusiveness.

After interviewing each candidate, the Nominating Committee collectively discusses their assessment of the candidate.

- 7.8 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 Nominating Committee, through its Chair, in writing by email.

7.9 For all valid applications, and after completing all interviews, the Nominating Committee collectively discusses their assessment of all candidates. The Committee then determines its list of candidates to be recommended to the Membership for election, in a number equal to the number of vacancies. Those included on this list are the best qualified on the basis of the principles outlined in section 7.7 in the Policy.

The Nominating Committee, through the Returning Officer, notifies all proposed candidates that it has reached its recommendations, by written communication. Such communication shall occur as soon as practicable following the final Board meeting (usually in February) of the Board year.

Candidates who are not recommended by the Committee may choose to place their name on the ballot to stand for election. Candidates wishing to do so must advise the Returning Officer 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 Returning Officer. In the event that any such candidate fails to advise the Returning Officer within the period outlined above, that candidate will not be placed on the ballot to stand for election.

8.0 Director Selection Criteria

In the evaluation of proposed candidates for the purpose of making recommendations, the Nominating Committee uses the Director Eligibility Requirements set out in Appendix B and Director Selection Criteria established by the Board from time to time. The selection criteria to be used by the Nominating Committee are the following:

8.1 Recommended Key Criteria

Each Director should have:

1. A high standard of personal values and ethics, including integrity, accountability, commitment and courage;
2. Excellent business and professional judgment;
3. The ability to think strategically and problem solve;
4. Demonstrated mature and cooperative leadership;
5. A strong understanding of fiduciary duty;
6. Strong communication skills, including the ability to listen and speak his/her mind independently and respectfully;
7. Willingness and ability to commit the required time to the role and actively participate in meetings;
8. Commitment to ongoing training and education for Board skills and duties; and
9. Financial competency/literacy.

8.2 Core Competencies of Directors of a Class 2 Credit Union

Each Director should have a strong understanding of each of the following core competencies as outlined by the Deposit Insurance Corporation of Ontario, or a willingness to achieve a strong understanding within a specified timeframe if elected to the Board:

1. Audit and Compliance: Knowledge and understanding of monitoring and auditing processes to ensure compliance with regulatory standards;
2. Board & CEO Performance: Knowledge of tools and methodologies for setting and evaluating criteria and standards of performance of a board, directors and CEO;
3. Credit Union Operations: Knowledge of how a credit union’s infrastructures inter-relate to enable effective and efficient operations while managing risk and regulatory requirements;
4. Financial Literacy/Expertise: Level of financial knowledge to interpret financial statements and financial performance indicators as well as monitoring corrective actions;
5. Governance and Ethics: Level of knowledge and understanding re critical elements of good governance and ethics, including board role and responsibilities;
6. Leadership: Attributes of leadership to motivate, influence and support others to accomplish organizational goals;
7. Regulatory environment with respect to financial services & credit union sector: Familiarity with governing regulatory environment and policies to meet legal, regulatory and governance requirements;

8. Risk Management Oversight; Enterprise Risk Management: Knowledge and understanding of the management framework for identifying, measuring and monitoring significant risk and events; and
9. Strategic Planning: Strategic planning concepts; process; importance of clear strategic direction; monitoring of strategic plan implementation.

8.3 Desirable Individual Director Criteria

It is desirable that Directors:

1. 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;
2. Demonstrate the ability to bring a perspective of external business, finance, and social issues to Board deliberations;
3. Understand corporate governance and the fiduciary duties, roles and responsibilities of the Board as a whole and as an individual director of a credit union, including willingness to ask probing questions and to challenge management within the governance framework;
4. Have insight into Meridian’s role in the co-operative and credit union sectors, and understand the importance of credit unions in their communities;
5. 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;
6. Be able to recognize and capitalize on their strengths, while contributing to the collective strengths of the Board;
7. Generally have 7 to 10 years of senior executive or governance experience with organizations that operate in a competitive environment, or 7 to 10 years of senior executive or governance experience with public, non-profit or cooperative organizations of a scale and complexity similar to the Credit Union;
8. Have a demonstrated reputation of valuable community involvement;
9. Have experience or familiarity with accounting and reporting standards, including financial instruments and International Financial Reporting Standards (IFRS);
10. Have experience or familiarity with capital markets financing instruments (e.g., securitizations, interest rates, balance sheet financing, etc);
11. Have experience or familiarity with economics, treasury or investment services;
12. Have had exposure to, or experience in, entrepreneurial ventures, either from a start-up perspective or from the management of entrepreneurial activities in an on-going enterprise;
13. Have experience in Human Resources management, including expertise in establishing executive compensation programs and/or pension plan administration;

14. Have demonstrated a high degree of understanding of information technology, cyber security, social media, and a variety electronic distribution channels and communication methods;
15. Can demonstrate having had direct involvement in developing, planning and implementing a partnership, merger or acquisition;
16. May meet, as applicable or as deemed necessary by the Nominating Committee, the regulatory requirements, qualifications and expectations for Directors on federal bank Boards; and
17. Possess any other skills that the Governance Committee may identify to the Nominating Committee.

8.4 Individual Director Disqualification

In addition to the disqualification criteria outlined in section 92 of the *Credit Unions and Caisses Populaires Act 1994* and listed in the Application, if a candidate for Meridian’s Board is an elected Member of the Provincial or Federal Government, they are ineligible to seek election to Meridian’s Board.

9.0 Campaigning Rules

- 9.1 The purpose of this policy is to create a clear set of guidelines for director candidates to follow, and articulate to Meridian’s Membership the director candidate’s conduct expectations during the director elections process.
- 9.2 Formal campaigning by candidates is prohibited. The only written communication that may be used regarding a director candidate’s candidacy in connection with the election, is the information provided to Meridian by the candidate. Such written communication may only be distributed by Meridian.
- 9.3 The following further defines Meridian’s guidelines:
 - a) Except for the distribution of a Candidate Statement of Interest by Meridian in accordance with paragraph 2 above, candidates may only campaign in the election by speaking directly person to person with an individual Member, either face to face, by telephone, via e-mail or text messaging. Candidates may not use social media to announce or promote their candidacy.
 - b) Director candidates are not permitted to use traditional media (brochures, newsletters, flyers); or disseminate campaign materials including messaging via mass electronic distribution; advertising; rallies etc., to promote their candidacy in the election.
 - c) Director candidates may not organize public meetings to promote their candidacy.
 - d) Director candidates must not solicit or participate in interviews with the media in connection with the election or place any advertisements or statements regarding their candidacy in the election in any newspaper, website, or other publication or media, or permit anyone to do so, on the director candidate’s behalf.
 - e) Director candidates are not permitted to campaign on Meridian property, including ATM vestibules or inside branches. This includes physically positioning ones-self on credit union premises to speak to those entering or attending at Branches. If third parties, beyond the control of the director candidate or Meridian choose to ignore this restriction, the director candidate may be asked to show evidence they have not encouraged the support and have made a strong attempt to discourage it.
 - f) No campaigning expenditures; or
 - g) No activities that would reflect negatively on the professionalism of the credit union.

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- 9.4 No director candidate shall interfere with or permit any person on their behalf to interfere with the duties of Meridian employees. To minimize any potential conflict of interest, direct contact during the election between director candidates and employees including existing directors is limited to Meridian’s Returning Officer. Direct contact means in person, by telephone, or by email/text or similar. Assistance provided during the election will be limited to administrative or informational details.
- 9.5 Current board members may not formally or informally express support or non-support for any director candidates, except through the formal board endorsement process administered by the Nominating Committee, and through the director’s right to cast a vote in the election.
- 9.6 All director candidates are expected to abide by these guidelines. Any director candidate that contravenes these guidelines may be disqualified. The Nominating Committee has the power to exercise remedies, including the ability to invalidate a Nomination, as it determines under the circumstances.

10.0 Director Election Process

- 10.1 The required timelines for the election notice and the voting period are set forth in By-law No. 1 as confirmed by the Membership from time to time.
- 10.2 Distribution of Voting Information – At least fifteen (15) days before the commencement of the voting period, the Returning Officer shall post on the Credit Union’s website and make available in the Credit Union’s branches and the head office the following information for all members of the Credit Union entitled to vote:
- (a) the list of Candidates, which list shall clearly identify the Recommended Candidates;
 - (b) the Statement of Interest of each Candidate;
 - (c) clear and precise instructions for voting;
 - (d) notification of the date (or dates) and time(s) during which voting in the election shall take place;
 - (e) notification of the place (or places) at which in-branch polling in the election shall take place and the manner in which electronic ballots may be cast (or details of alternative methods of voting, if applicable); and
 - (f) the conditions under which members will be eligible to vote in the election.
- 10.3 A brochure is produced that includes the statement of interest of the Candidate, and an indication as to whether the candidate is recommended by the Nominating Committee.
- 10.4 The Returning Officer will put in place a process to ensure electronic In Branch and on-line voting is effective and ensures one vote per Member.
- The electronic/online ballot will indicate which candidates have been recommended by the Nominating Committee.
- 10.5 The counting of the electronic/online ballots at the end of the election period will be overseen by the Returning Officer.
- 10.6 In the event that the positions being filled have unequal terms associated with them, the following will apply in the event of an election:

- a) the candidate with the least number of votes will be awarded the shortest term; and
 - b) where there is a tie vote, the tie shall be broken by the drawing of lots whereby the tied candidates will participate in a draw at the commencement of the Annual General Meeting in order to determine which candidate will be awarded the shortest term.
- 10.7 Unless there is a determination by the Board that there may be a dispute over the election results, the Board will require that a resolution be placed before the Membership at the Annual General Meeting, requesting the destruction of the election ballots.
- 10.8 The results of the election will be communicated, in writing, on a strictly confidential basis, to the candidates, and thereafter to the Board, by the Returning Officer, as soon as practicable prior to Annual General Meeting, at which time the results will be announced to the Members by the Returning Officer.
- 10.9 All Director candidates shall sign a form after their interview, agreeing to keep confidential the results of the election until after the results have been announced at the Annual General Meeting.

11.0 Director Acclamation Process

When the list of candidates has been determined (i.e., after the Returning Officer has received the results of the Nominating Committee’s deliberations, and the 48-hour notice period, for candidates not recommended, to place their name on the ballot has passed), and after it is determined by the Returning Officer that the election has resulted in an acclamation and that no vote is required, the following process will be put in place:

- 11.1 The Returning Officer advises the Chair of the Nominating Committee that no vote is required.
- 11.2 The Chair of the Nominating Committee advises the Nominating Committee of this outcome and reminds that confidentiality is to be maintained.
- 11.3 Under the direction of the Returning Officer, the employee Annual General Meeting project team members and the external party preparing to host the election, if applicable, are advised that no vote will be required. They are to be advised that this information is strictly confidential.
- 11.4 A brochure is produced that congratulates the candidates and announces those featured as elected by acclamation. The brochure will include the statements of interest of each Candidate.
- 11.5 Any incumbent Director who either decides not to seek re-election or who is not acclaimed shall decide what and when he/she chooses to disclose to other Directors regarding their potential candidacy. For greater clarity, the Nominating Committee Chair shall not make any mention to the Board as to whether or not any incumbent Directors sought re-election.
- 11.6 Concurrent with the public announcement of the Annual General Meeting (being the Notice of the Annual General Meeting and of the Election), the following occurs:
- a) The Board is advised, either by email or conference call, as determined by the Nominating Committee Chair, of the names of those elected by acclamation.
 - b) During this call, there will be no mention by the Nominating Committee Chair of the status of any incumbents whose names may not be identified as elected. This is to prevent any embarrassment should incumbents not be recommended by the Nominating Committee and, as a result, chose not to place their name on the ballot. It is up to incumbent directors to advise the Board of their status as they choose.
 - c) The brochure is released publicly to the Membership.

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- 11.7 As required by section 4.03(e) of By-law No. 1¹, in the case of an acclamation of all candidates where there are terms of office of varying length, the Nominating Committee will determine and assign terms to the candidates in its sole and unfettered discretion. In accordance with section 4.04(b) of By-law No. 1, if the number of candidates is equal to the number of vacancies to be filled, the candidates shall be declared by the Chair of the Board at the next Annual General Meeting to be elected by acclamation for a three (3) year term, unless a shorter term is otherwise specified.
- 11.8 The results of the election by acclamation will be announced by the Returning Officer at the Annual General Meeting.

12.0 Reporting to the Board

- 12.1 At the conclusion of the Nomination Process, the Chair (or the Returning Officer on behalf of the Chair) will submit a report by email to the Board Directors to inform on the following matters:
- a) Confirmation that the Nominating Committee has followed policy;
 - b) The results of the recruitment process;
 - c) The ease or difficulty of establishing the list of recommended candidates; and,
 - d) The number of candidates who withdrew, and the number of candidates standing for election despite not receiving a recommendation from the Nominating Committee.
- 12.2 Concurrent with the publication and release of the brochure, the Returning Officer will provide a report by email to the Board of Directors, with a copy to the CEO, as to whether or not there is an election with the names of the recommended candidates and those candidates who are standing for election, if any.

13.0 Review of this Policy

The Nominating Committee, on an annual basis, will review the adequacy and effectiveness of those parts of this Policy for which the Nominating Committee is responsible and will submit a report to the Board, that includes the analyses, conclusions and recommendations from the Nominating Committee.

¹ By-law No. 1 passed by the Board and confirmed by the Members on April 20, 2017

APPENDIX A**DIRECTOR NOMINATION AND SELECTION PROCESSES****1. Director Nomination Process**

(a) *Notice of Nomination Period* – At least sixty (60) calendar days prior to the Annual General Meeting, the Returning Officer shall give notice (the “Nomination Notice”) of the Nomination Period to all members of record of the Credit Union on the close of business on a day set as the record date for notice by the Board or the day immediately preceding the day on which the notice is given if no record date is set.

(b) *Contents of Nomination Notice* – The Nomination Notice shall include:

(i) an announcement that an election of directors is to take place, specifying the number of positions which are to be filled, and an invitation to submit, in writing, an Application;

(ii) the beginning and end dates of the Nomination Period; and

(iii) instructions relating to how to obtain information for a valid form of Nomination Application.

(c) *Method of Giving Nomination Notice* – The Nomination Notice shall be given by posting the notice on the website of the Credit Union, in each office of the Credit Union, and by publishing the notice in a newspaper that is circulated in the community in which the head office of the Credit Union is situated and, in such other Communities as the Board may from time to time decide.

(d) *Errors or Omissions* – Where the Nomination Notice is received generally by the members of the Credit Union, the accidental omission to give notice to any member thereof, or the non-receipt of the notice by any member thereof, shall not invalidate any subsequent election.

(e) *Validity of Applications* – Applications for nomination (“Nomination Applications”) received from the membership, to be valid, must be:

(i) in the form prescribed by the Nominating Committee and must contain the information and accompanying documents outlined therein, including the following information or documentation:

(A) a proposed Candidate’s resumé, including disclosures outlining the proposed Candidate’s experience, expertise, qualifications, and community involvement;

(B) a proposed Candidate’s Candidate Undertaking as set out in paragraph 1(f)(ii);

(C) a proposed Candidate’s completed restricted party disclosure form, including conflict of interest disclosure, substantially in the form prescribed by the Board for all directors; and

(D) a proposed Candidate’s consent to the Credit Union reviewing any of the proposed Candidate’s financial information on file at the Credit Union for the purpose of determining the eligibility of the proposed Candidate for election to the Board.

(ii) signed by the proposed candidate; and

(iii) received by the Returning Officer, prior to the end of the Nomination Period.

(f) *Statement of Interest and Candidate Undertaking* – The following documents shall include the following information and be in the form hereinafter prescribed:

(i) *Candidate Statement of Interest* – The statement of interest of each Candidate (the “Statement of Interest”) shall include a short, written statement (of a length to be determined by the Board from time to time) in which the proposed candidate will outline the proposed candidate’s reasons for seeking election to the Board of the Credit Union.

(ii) *Candidate Undertaking* – A proposed candidate shall provide an undertaking (the “Candidate Undertaking”) to the Credit Union in the form determined by the Board from time to time:

(A) to stand for election, and, if elected, to serve as a director;

(B) to observe the provisions of the Act, as applicable;

(C) to comply with the directors' conflict of interest guidelines adopted by the Board from time to time;

(D) to provide full, financial disclosure to the Credit Union, as required from the Board from time to time;

(E) to consent to the disclosure of credit and/or personal information to, or from any credit reporting agency or background check agency;

(F) to observe all the Credit Union's Bylaws, and the rules relating to the elections and the conduct thereof; and

(G) to resign from the Board in the event the Board has determined that such person, as a director of the Credit Union, has ceased to meet the eligibility requirements as set out in this Bylaw.

(g) *Additional Nomination Information* – In addition to the Nomination Notice, the Credit Union shall provide to any member who requests an Application for Nomination:

(i) the eligibility requirements for directors as specified in Appendix B;

(ii) the requirements for a valid Nomination Application;

(iii) instructions relating to the proper delivery of a Nomination Application to the Returning Officer;

(iv) the specific director selection criteria established by the Board from time to time; and

(v) the process for the election of directors.

2. Director Selection Process

(a) *The Nominating Committee* – The Board shall, subject to subsection (b), appoint a committee (the “Nominating Committee”), which shall include the following in its terms of reference and responsibilities:

(i) overseeing the director nomination and selection process outlined in the Policy;

(ii) evaluating the validity of all Nomination Applications; and

(iii) interviewing proposed candidates (the Committee may be assisted by external advisors) in order to confirm a proposed candidate’s eligibility and to evaluate the experience, expertise, qualifications and skills of a proposed candidate in relation to the specific director selection criteria established by the Board from time to time.

(b) *Nominating Committee Eligibility* – No director may be a member of the Nominating Committee if that director’s term expires at the next Annual General Meeting of members and that director is eligible for re-election at that meeting under these Bylaws. In the event that a member of the Nominating Committee becomes unable to serve or ineligible, the Board may appoint another director in such director’s place on the Nominating Committee for the purpose of assisting the Nominating Committee in fulfilling its mandate for the upcoming election process.

(c) *Decisions of the Nominating Committee* – Upon the completion of the proposed candidate interviews, the Nominating Committee shall:

(ii) identify those Candidates who are recommended to the members for election to the Board as the best qualified Candidates in relation to the specific director selection criteria established by the Board, which persons shall thereafter become Recommended Candidates under this Policy; and

(iii) deliver to the Returning Officer the final list of the Candidates and identify on that list of Candidates the Recommended Candidates, provided that the Candidates identified as Recommended Candidates must be equal to the number of vacant director positions to be filled in the election.

(d) *Actions of the Nominating Committee* – Upon compiling the preliminary list of Candidates and the identified Recommended Candidates, the chair or designate of the Nominating Committee shall:

(i) inform each of the Candidates, individually, whether or not the Nominating Committee has identified them as a Recommended Candidate. Those that have not been identified as Recommended Candidates may choose to place their name on the ballot for election. To do so, Candidates must advise the Returning Officer within 48 hours of the Committee’s communication regarding its final recommendation (to be sent by email to the candidate). For greater clarity, the notification from the candidate must be received within 48 hours from when the communication was sent from the Committee.

(ii) place on the ballot for election, any Candidate who informs the Returning Officer, within the 48 hour period, that they wish their name to be placed on the ballot.

(e) *Actions by the Returning Officer* – Upon receiving the list of Candidates (which identifies thereon the Recommended Candidates) from the Nominating Committee, the Returning Officer shall proceed to distribute voting information to the members pursuant to the Bylaws.

APPENDIX B**DIRECTOR ELIGIBILITY REQUIREMENTS****1. By-law No. 1 Requirements:****4.02 Director Eligibility Requirements**

A person is eligible for election to the position of director if the person meets the following director eligibility requirements:

- (a) as of the last day of the Nomination Period, the person:
 - (i) is a Member (as defined in By-law No. 1) of the Credit Union;
 - (ii) all Connected Persons (as defined under the Act) associated with the Member, have been members In Good Standing continuously for a period of time equal to the lesser of the preceding 6 months and the period of actual membership;
 - (iii) is not disqualified from becoming or acting as a director pursuant to the Act;
 - (iv) is not a director, officer, employee, or agent of an entity (other than any other entity for which an exception has been made by the Board from time to time) that is engaged in, or has the reasonable potential to be engaged in, business activity materially and directly competing with the then existing or proposed business activities of the Credit Union;
 - (v) is not a spouse of a person described in sub-paragraph (iv) above;
 - (vi) if an incumbent director, has not failed, without in the opinion of the Board reasonable cause, to attend 3 consecutive regular meetings of the directors within the preceding 12 months; or
 - (vii) is free of any real or perceived conflict of interest that might reasonably be expected (based on a legal opinion) to prevent him or her from acting in the best interests of the Credit Union as a whole, and independently of any particular interest arising as a result of any previous, existing, or future relationship with the Credit Union, its members, customers, competitors, or suppliers.

- (b) the person is eligible and has been nominated in accordance with this Director Nomination & Election Policy.

2. Other Requirements:

- (a) A person is eligible to submit an Application for the position of Board Director if the person was not an employee of Meridian Credit Union for at least twenty-four (24) months preceding the last day of the Nominating Period.