

Nominations and Elections Committee Terms of Reference

Approved: November 22, 2018

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1.1 PURPOSE

The Nominations and Elections Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) to which the Board has delegated responsibility for overseeing the director nomination and election process. Its responsibilities include recruiting and recommending candidates for election to the Board, to ensure that the competencies identified in the Board-approved Competency Matrix are present on the Board to meet the current needs of Central 1’s governance leadership and strategic intent.

The Committee derives its authority from the Board and Article 14A, Rule 7 of Central 1’s Constitution and Rules (the “**Rules**”).

1.2 COMPOSITION AND TERM OF OFFICE

- a) The members of the Committee shall be elected or appointed, as the case may be, annually by the directors whose terms do not expire at or before the next annual general meeting (“**AGM**”), at the first meeting of the Board following the AGM. The Committee shall consist of five (5) members who are not directors of Central 1 serving terms that expire at or before the next AGM, three (3) of whom shall be incumbent directors of Central 1 and two (2) of whom shall be members of a Class A Member (but not directors of Central 1). A member of the Committee ceases to be a member of the Committee when he or she ceases to meet the requirements for membership on the Committee or when he or she resigns from the Committee or is removed or replaced by the Directors who are not standing for election at the next AGM. A casual vacancy may be filled, and additional members of the Committee may be appointed by the Directors who are not standing for election at the next AGM, to hold office until the next AGM.
- b) Each member of the Committee will be Independent as defined in the Structure section of the Board Manual. None of the members of the Committee will be: (a) an employee of Central 1 or any of its subsidiaries; or (b) an officer of Central 1 or any of its subsidiaries who are involved in the day-to-day operation of Central 1 or its subsidiaries.
- c) No more than one representative from any one credit union is permitted to serve on the Committee, except where one representative is serving as an ex-officio member of the Committee.
- d) The Chairperson of the Board shall be an ex officio, non-voting member of the Committee, if not otherwise elected to the Committee.
- e) The Board shall elect annually the Chairperson of the Committee at the first meeting of the Board following the AGM. If the Committee Chair should vacate the position, the Board will elect a successor. The Chairperson of the Committee shall act in accordance with the Position Description: Committee Chairperson section of the Board Manual.

1.3 DUTIES AND RESPONSIBILITIES

- 1.3.1 The Committee shall perform the following duties, as well as any other duties specifically authorized by the Board:
 - a) receive from the Conduct Review and Corporate Governance Committee the Competency Matrix and a report identifying the competency gaps on the Board to provide the most effective Board;
 - b) establish a transparent director nomination and election process, which may include an information session, individual candidate interviews and an assessment process;
 - c) based on the gap analysis, review and approve a nomination package to be provided to all Class A Members including a preferred director candidate profile (the “**Profile**”), other details relevant to the vacant position(s) and the nomination and election process;
 - d) actively seek director candidates for election by soliciting nominations from Central 1’s Class A Members and incumbent directors, ensuring that the total number of individuals whose names have been placed in nomination as candidates is at least equal to the number of vacancies to be filled in the election;
 - e) assess potential candidates using the Committee’s judgment, taking into consideration the overall composition and diversity of the Board, the competencies of the candidate as compared to the Profile, the Board’s leadership requirements and the overall functioning of the Board;
 - f) endorse director candidates who in the Committee’s judgment satisfy the director eligibility requirements set out in the Rules and applicable laws, align with the Profile and who would best strengthen the Board. The Committee is not required to recommend all candidates. Non-recommended candidates that meet the requirements are still eligible to run in the election; and

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- g) Review and approve a campaign protocol and oversee the election process and report the results of the election. Oversight includes the authority to act if the campaign protocol is violated (including through sanction or disqualification).

1.4 MEETINGS AND PROCEDURES

- 1.4.1 The Committee shall meet as it deems necessary to fulfill its duties and responsibilities hereunder. The time and location of the meetings and the procedures to be followed at such meetings shall be determined, from time to time, by the Committee. Any member of the Committee or the Chairperson of the Board may call meetings of the Committee. The Committee may meet in person, by conference call or by other electronic means.
- 1.4.2 Whenever possible, seven (7) days' notice of the meeting shall be provided, in writing, to members of the Committee and any invited persons. The agenda and required reports shall be circulated to the Committee (via the Board's web portal or e-mail) one (1) week in advance of the meeting date, whenever possible.
- 1.4.3 A quorum at any meeting of the Committee shall be a majority of the members of the Committee, excluding any ex officio members. Decisions of the Committee will be by an affirmative vote of the majority of those members of the Committee voting at a meeting. The Committee may also act by resolution in writing signed by all members of the Committee.
- 1.4.4 The Chairperson of the Committee shall appoint a Secretary who need not be a director to keep minutes or other records of the meeting.
- 1.4.5 The Committee will meet "*in camera*" at each meeting with only the members of the Committee present.
- 1.4.6 The Committee may invite any director, officer or employee of Central 1 or any other person, as appropriate, to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee, including the President and Chief Executive Officer, any member of executive management, external auditor or external counsel.

1.5 MANAGEMENT AND RESOURCES

- 1.5.1 The Committee shall be resourced by the Chief Transformation and Legal Officer, Corporate Secretary.
- 1.5.2 The Committee shall have the authority to engage and determine funding for any independent counsel, accountants, director recruitment firm and other external consultants, and resources, as it may deem necessary to carry out its responsibilities, provided that all contracts for such services shall be reviewed, where appropriate, by Central 1's Legal Department and that any contract in excess of \$10,000 must be approved by the Chairperson of the Board or the Board prior to execution. The Committee shall report to the Board on any undertakings to engage such external resources, including the level of compensation.

1.6 RECORDS

The official records of the Committee including all meeting material and minutes are maintained by the Corporate Secretary. Minutes of every meeting shall be recorded and available to Committee members and the Board.

1.7 ACCOUNTABILITY

The Committee is accountable to the Board. The Chairperson of the Committee shall report the proceedings of each meeting and all recommendations made by the Committee at such meeting to the Board at the Board's regularly scheduled meeting.

1.8 EVALUATION OF COMMITTEE EFFECTIVENESS

The Committee shall annually review and assess the adequacy of its mandate. As part of this review, the Committee shall review and assess the adequacy of its Terms of Reference on an annual basis taking into account all legislative and regulatory requirements applicable to the Committee, as well as any best practice guidelines, and, if appropriate will recommend changes to the Conduct Review and Corporate Governance Committee. The Committee shall assess its effectiveness in fulfilling its mandate through its inclusion in reviews of Central 1 Committees led by the Conduct Review and Corporate Governance Committee.

1.9 COMMITTEE TIMETABLE

The major annual activities conducted and overseen by the Committee are outlined in the Schedule A on the following page.

1.10 AMENDMENTS

The Board must authorize substantive amendments to these Terms of Reference. The Committee may make administrative amendments, including amendments related to dates, organization, and similar matters.

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SCHEDULE A

ROUTINE ACTIVITIES: NOMINATIONS AND ELECTIONS COMMITTEE

ROUTINE OUTPUT	Sep-Dec	Jan	Feb	Mar	Apr	May
Receive the gap analysis from Conduct Review and Corporate Governance Committee with respect to results of annual director self-assessment. Identify priority skills and expertise sought in candidates.	•					
Review and approve Nominations and Election package for distribution to Class A Members at least 90 days in advance of AGM. Confirm nominations closing date no later than 45 days in advance of AGM and close of voting date at least 14 days prior to AGM in accordance with Central 1's <i>Constitution and Rules</i> .	•					
Review timeline including webinar and establishing days on which candidate interviews may be scheduled.	•	•				
Make arrangements to speak to fall peer group/contact meetings regarding nomination process. Provide information package to corporate secretaries of Class "A" members to be forwarded to nominations committee chairpersons. Seek opportunities at industry meetings/conferences to speak to nomination process.	•	•				
Seek candidates possessing the priority skills and expertise previously identified. Candidate's interviews scheduled as nominations received. Corporate Secretary's office to provide weekly update of nominations received/interviews schedule.			•	•		
Determine candidates to be endorsed; advise those not endorsed they may withdraw by giving notice to Central 1's Corporate Secretary office as set out in timeline. Election package reviewed and forwarded to Class A members (ballot forwarded only to Class A appointed delegates). Communication to system providing update.				•	•	
Establish who will be contacting candidates upon close of election and tabulation of results. Review communication advising of election results (if required) to be distributed once all candidates have been contacted.				•		
Provide report to Board updating process					•	
Meeting to debrief nominations and election process just completed.						•