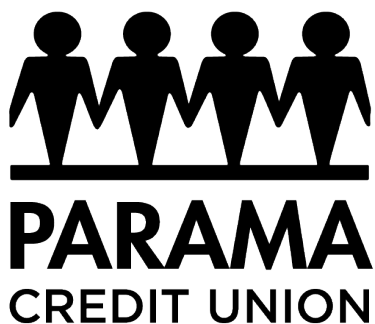


2024 Director Nomination and Election Package



INTRODUCTION

Dear Prospective Board Candidate:

Parama Credit Union Limited thanks you for your interest in seeking nomination. This information package clarifies the qualification criteria for Candidates and the expectations of Board Members in governing Parama. It also contains everything you will need to complete the nomination process.

To assist those Members who are considering candidacy, Parama's policies and by-laws provide for a Nominating Committee ("Committee") comprised of three members of the board of directors. The Committee's primary role is to consider the qualifications of Candidates in order to ensure the highest quality Board composition, and to meet any gaps as identified by the Board in their analysis of the board's skills, knowledge and experience.

This Committee is required to evaluate the experience, expertise and qualifications of each Candidate based on criteria as established by the board from time to time and may require Candidates to attend an informal interview.

Based on the information contained both in the Candidate's application and further due diligence performed by the Committee, the Committee will decide as to the best qualified Candidates to fill a vacant position and may nominate one or more Candidates to fill each vacancy.

The Committee will advise each Candidate whether they are receiving the Committee's nomination and whether there are any other Candidates being nominated. Any Candidates not being so nominated will not be eligible to participate in the election as a Candidate.

If you decide to proceed with submitting an application for nomination as a Candidate, please complete and submit this application package along with all the required documents, as outlined in the attached Candidate Information Guide. If you have any questions about the enclosed information, you may contact Nijole Lewington, Manager Operations, 416-207-9239 ext. 226.

Please note that Parama's by-laws require applications to be submitted to Parama no later than 5:00pm December 29, 2023.

Yours Truly,
Tomas Kuras
Board Chair

OUR GOALS

To provide Members with friendly, no-fee everyday banking – and a range of essential financial products at fair prices.

To provide top of the line in-branch customer service along with convenient digital banking services.

VALUES

- Our Community: We invest in arts, seniors, sports, educational initiatives and more to enhance the Canadian/Lithuanian community
- Financial Stability: We support the community best from a position of strength
- Confidentiality & Privacy: We take extra measures to protect the privacy of our members so they can be assured of the confidentiality of their financial affairs

PARAMA BOARD OF DIRECTORS: CANDIDATE INFORMATION GUIDE

CONTENTS

1. CANDIDATES GUIDE – OVERVIEW	3
2. APPLICATION FOR NOMINATION.....	4
3. DIRECTOR ELIGIBILITY REQUIREMENTS.....	6
4. CANDIDATE SELECION CRITERIA	8
5. BOARD OF DIRECTORS APPLICANT EXPERTISE/EXPERIENCE ASSESSMENT...10	
6. DECLARATION OF ECONOMIC INTERESTS BY A RESTRICTED PARTY AND/OR A RELATED PARTY	12
7. REQUIREMENTS TO DISCLOSE.....	17
8. BACKGROUND INFORMATION FOR CANDIDATES	18
9. CODE OF CONDUCT OF EMPLOYEES, OFFICERS, DIRECTORS AND EMPLOYEES.....	21

1. CANDIDATES GUIDE – OVERVIEW

2023 Application for Nomination

Candidates for the Parama Credit Union (“Parama”) Board of Directors must be at least 18 years of age, must have been a member of Parama for at least one year, and hold at least one Membership Share.

Additional eligibility requirements and selection criteria are outlined in Parts 3 and 4 of this guide respectively. Part 8 of this guide provides other background Information for Candidates. If after reviewing the above information, you wish to submit an application you must:

1. Without any assistance from employees of Parama, seek the signatures of two adults with whom you deal at arm’s length and who are members of Parama to endorse your application.
2. Complete this Application in its entirety; and
3. Submit it along with the documents detailed in the Application [Statement of Interest and Resume], completed Part 5 [Applicant Assessment] and part 6 [Declaration of Economic Interests by a Restricted Party of Parama].

Applications for Nomination must be marked Confidential and submitted to:

Nijole Lewington
Manager, Operations
Parama Credit Union
2975 Bloor St. West
Toronto, Ontario
M8X 1C1

Applications must be received by Nijole Lewington no later than **5:00 P.M. December 29, 2023**.

The Nominating Committee will validate the Candidate’s eligibility, and otherwise assess the Candidate’s suitability as a director of Parama. Candidates may be called upon to attend an interview during the nominating period. In the event that more than one Candidate has been nominated for a board vacancy, Candidates may be required to make a brief presentation to the membership at the upcoming Annual General Meeting, following which a vote will take place.

The election of Directors by Members will be conducted at the Annual General Meeting, during which successful Candidates will be announced.

2. APPLICATION FOR NOMINATION

The undersigned hereby applies to be nominated as a Candidate for election to the Board of Directors of Parama Credit Union Limited (the “Credit Union”).

The Candidate solemnly undertakes to:

- (a) stand for election, and, if elected, to serve as a Director of Parama;
- (b) observe the provisions of the **Credit Unions and Caisses Populaires Act** (“the **Act**”) <https://www.ontario.ca/laws/statute/20c36>
- (c) comply with the Director’s Code of Conduct;
- (d) achieve and maintain requisite competency levels and other qualifications as mandated for directors by policy and by the regulators; obtaining any training necessary to ensure same;
- (e) provide full, financial disclosure to Parama, as may be required by the Board from time to time;
- (f) consent to the disclosure of credit and/or personal information to, or from any credit reporting agency;
- (g) observe all of Parama’s By-Laws, and the rules relating to the elections and the conduct thereof;
- (h) resign from the Board in the event the Board has determined that as a Director, the Candidate has ceased to meet the eligibility requirements, as set out in Parama’s By-Laws or Section 83 of the **Act** or is the Candidate has met the test if any of the disqualifying criteria as set out in Section 84 of the **Act** during their term of office.

The Candidate further understands that to be eligible for consideration, this application must be (a) completed as required; (b) submitted in accordance with the requirements of this guide; and (c) be accompanied by the following documents:

1. A written Statement of Interest, not exceeding 250 words, which:
 - a. Describes the skills and expertise that the Candidate may be expected to bring to the Board;
 - b. Outlines the Candidate’s reasons for seeking election to the Board;
2. A resume which includes disclosures outlining the Candidate’s:
 - a. Experience, expertise and qualifications;
 - b. Involvement in community activities;
 - c. Past and present service as a Director of a Board or a similar role;
 - d. Education including any formal Director education/training accreditations;
 - e. Professional, community or other affiliations or Memberships; and
 - f. Any other examples of skills which are essential to an effective role as a Director (i.e. consensus building, ability to work as part of a team, understanding of governance principles, etc.).
3. A completed Applicant Expertise/Experience Assessment as found in Part 5, of this guide; and

4. A completed Declaration of Economic Interests by a Restricted Party and/or Related Party as found in Part 6 of this guide;

By signing this Application for Nomination, the Candidate consents to Parama reviewing any of the Candidate's financial information on file at Parama, and consents to Parama conducting a credit check on his/her behalf for the purpose of determining eligibility of the proposed Candidate for election to the Board.

In addition, the Candidate must be available during the period following the submission of this application and prior to the Annual General Meeting, in order to undergo the evaluation process by the Nominating Committee as set out in Parama's By-Laws, which may involve attending an interview with the Committee.

Candidates should be aware that campaigning is not permitted by the Board.

Candidates Signature:

Parama Account #:

Dated at _____, Ontario, this _____ day of _____ 20____.

Endorsed by:

Signature:

Name (please print):

Parama Account #:

Dated at _____, Ontario, this _____ day of _____ 20____.

Signature:

Name (please print):

Parama Account #:

Dated at _____, Ontario, this _____ day of _____ 20____.

3. DIRECTOR ELIGIBILITY REQUIREMENTS

A member is eligible for election to the position of director if, and only if as of the last day of the Nomination Period, the Member:

1. Is a member of Parama in full compliance with the minimum membership share requirements contained in section 2.04 of Parama's By-Laws;
2. Is at least 18 years of age;
3. Is a Canadian citizen or a person lawfully admitted to Canada for permanent residency and ordinarily resident in Canada;
4. Is not disqualified under the Act;
5. Has disclosed to the Board, in a timely fashion before the election in which the natural person is a Candidate is held, everything the individual is required by the Act to disclose as a Candidate for director of a credit union;
6. Has been nominated by the Nominating Committee in accordance with the By-laws of Parama; and
7. Meets any additional qualifications for directors as may be established under Parama's policies;

Incumbent directors are subject to a limit on the number of consecutive terms they are permitted to serve.

Disqualified Individuals

Under subsection 84 of the **Credit Unions and Caisses Populaires Act**, 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 a court has decided is of unsound mind.
3. One who is an undischarged bankrupt or who has been discharged as a bankrupt in the five years preceding the date on which he or she may be elected as director.
4. One who is unable to obtain proof of bonding insurance that is satisfactory to the Financial Services Regulatory Authority of Ontario ("FSRA").
5. One who is more than 90 days in arrears in the payment of a debt owed to Parama unless Parama 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 that is related to the qualifications, functions or duties of a director of a body corporate; involves theft or fraud; 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

involves a contravention of or failure to comply with the Securities Act, 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 he or she may be elected as director, for professional misconduct.
9. An employee of Parama or a central in which Parama is a member of his or her spouse, parent, or child. A professional advisor who provides services to Parama in his or her professional capacity or, who has provided such services in the three years preceding the date on which he or she may be elected as a director.
10. An employee of FSRA.
11. A public servant employed under Part III of the **Public Service of Ontario Act, 2006** whose employment duties include regulating credit unions.
12. One who has not met the training requirements or qualifications for directors established by Parama.
13. One who has not met any reasonable condition or qualification set out in the By-laws of Parama.
14. An individual is not an employee for these purposes solely because he or she provides, without remuneration, services to Parama or league that are ordinarily provided by an employee.

4. CANDIDATE SELECTION CRITERIA

The selection criteria to be used by the Nominating Committee in determining whether a Candidate shall secure their nomination are the following:

Mandatory Individual Director Criteria

Candidates for director is expected to be able to meet the following expectations for directors:

1. Understand the principles behind and share the vision of Parama and have the ability to reflect the values and commitments of Parama as well as acting in Parama's best interest at all times;
2. Possess financial acumen, sound business judgment, pragmatism, strategic insights, leadership strengths and social sensitivities and bring these qualities to Board deliberations;
3. Understand and uphold corporate governance principles, fiduciary duties, and the roles and responsibilities of the Board as a whole. Render a positive individual contribution in assisting the Board to perform its duties, including conducting and posing appropriate diligence, questions and challenges to ensure organizational compliance;
4. Commit to regular attendance at Board/Committee meetings and to full preparedness, and demonstrate the willingness and ability to contribute positively to meeting content;
5. Respond to Board approval requests. Including via email in a timely manner;
6. Communicate effectively;
7. Demonstrate the ability to build and otherwise contribute positively to achieving Board consensus on all matters and issues deliberated by the Board. Work to promote a high level of trust, openness and transparency at all levels of the organization;
8. Uphold the values of teamwork to ensure that the Board operates as “a team” at Board level and “speaks with one voice” once full discussion has been undertaken and a decision has been reached by the Board;
9. Exhibit a high level of integrity and stability in all personal and financial dealings, and maintain high ethical standards, which extend beyond minimal standards established by the Credit Union for its members;
10. Commit to a minimum of 6 hours of continuous learning and undertake appropriate director training and development initiatives to ensured continued effectiveness;
11. Understand and assess the implications of financial statements and audit reports;
12. Fulfill the time commitment, including travel time and workload to fully discharge responsibilities associated with Board or committee membership;
13. Keep abreast of all technological requirements associated with the role, including the ability to access Board information and adhere to all credit union codes, to ensure the protection and security of credit union information;

14. Keep abreast of key industry and economic developments which impact the credit union's business;
15. Adhere to and uphold all relevant requirements and standards as contained in this policy (including for greater clarity, the Code of Conduct as appended hereto), the by-laws of the Credit Union and all regulatory requirements, including for greater certainty all requirements established in the Regulatory Framework pertaining to confidentiality, due care, regulatory compliance and conflicts of interest;
16. Perform such other duties as may reasonably be expected or requested to assist the Board in fulfilling its responsibilities;
17. Reasonably be expected to achieve minimum thresholds in all key competency areas as established by the Governance Committee.

Supplementary Director Criteria

Parama's policies provide for the following additional criteria in assessing whether a prospective Candidate for the board is qualified to stand for election and merits nomination:

1. The extent if any, of the Candidate's insights and ties to the Lithuanian community. Fluency in the Lithuanian language is considered a definite asset;
2. Whether the skill set possessed by the Candidate complements those presently on the board. Optimally the Candidate should possess competencies and strengths as identified by the Board; in its most recent needs assessment and otherwise be in a position to make a contribution towards the overall effectiveness of the Board;
3. The extent of any previous experience including serving as a director on a board;
4. Track record in rendering valuable contributions to community organizations and initiatives;
5. Previous experience familiarity and/or expertise with:
 - a. Accounting and reporting standards including financial instruments and International Financial Reporting Standards (IFRS);
 - b. Enterprise risk management;
 - c. Strategic planning;
 - d. Senior leadership experience, optimally within the financial services sector or another highly regulated industry. Exposure to capital markets, payment systems, risk modelling and/or treasury expertise in areas such as derivatives and securitizations would be a definite asset;
 - e. Information technology including an understanding of evolving trends in the digital economy.

Parama's by-laws preclude a Candidate from running for the Board if the Candidate fails to earn the nomination of the Nominating Committee.

5. BOARD OF DIRECTORS APPLICANT EXPERTISE/EXPERIENCE ASSESSMENT

Parama Credit Union Limited is committed to maintain a high quality Board of Directors, and expects that each Director brings to the Board a certain level of knowledge and experience, demonstrates certain key attributes and adheres to certain principles. The following self-assessment will assist the Nominating Committee in determining the degree of expertise that you bring as a Candidate.

Please indicate your level of expertise/experience in the following table by using the following ratings:

- | | |
|----------------|---|
| Expert: | You possess a degree/certificate/diploma in the skill area and/or have significant work experience in that field. |
| Strong: | You have direct experience, or significant familiarity with the field as part of your employment or volunteer activities. |
| Good: | You understand the basic fundamentals and concepts that are encountered in this skill area. |
| Basic: | You have some knowledge of the competency. |
| N/A: | You have no familiarity with the topic or area. |

Please Note: If you are elected to the Board, you will be expected to complete a more comprehensive self-assessment of specific competencies within six months of election. This assessment is used to help determine your training and self-development needs in order to meet the director training and qualifications requirements as established by Parama.

Candidates are encouraged to refer to the FSRA website (<https://www.fsrao.ca/industry/credit-unions-and-caisses-populaires>) for an improved understanding of regulatory expectations for credit union governance frameworks and boards.

COMPETENCY/AREA	RATING
Audit and Compliance Performance and regulatory standards; examination & auditing procedures	
Board & CEO Performance Setting and evaluating criteria and standards of performance of the Board, directors and the CEO	
Credit Union Operations Cooperative business model; key components of operations (people, physical and technical infrastructure), operational risks	
Financial Literacy/Expertise Reading and interpreting financial statements and financial performance indicators	
Governance and Ethics Board roles and responsibilities; structure; decision making powers; Board policies and process; Committees (mandates; structure; process)	
Leadership Leadership traits; skills and effective professional and personal attributes	
Regulatory Environment with Respect to Financial Services & Credit Union Sector Governing legislation and guidance; regulatory bodies/organizations	
Risk Management Oversight; Enterprise Risk Management Financial and operational risks; risk management and monitoring	
Strategic Planning Strategic planning concepts; process; importance of clear strategic direction; monitoring of strategic plan implementation	

OTHER COMPETENCIES	RATING
Information Technology Hardware; software; networking; banking systems; databases; web-enabled services	
Human Resource Management Recruitment; hiring criteria and practices; performance evaluation	

6. DECLARATION OF ECONOMIC INTERESTS BY A RESTRICTED PARTY AND/OR A RELATED PARTY

Name:

Definitions

Restricted Party (RP): A person or entity is “restricted” in relation to Parama Credit Union Limited (“Parama”) if they are or have been within the last 12 months:

- A. A director or officer of Parama;
- B. A spouse of a director or officer of Parama;
- C. A relative by blood marriage or adoption of a person described in [A] or [B] above, if the relative lives in the home of a person described in [A] and is financially dependent on a person described in [A] or [B];
- D. The auditor of Parama is the auditor of an individual;
- E. A corporation in which a person described in [A] beneficially owns, directly or indirectly, more than 10% of the voting shares;
- F. A corporation/partnership controlled by a person described in [A] [B] [C] or [D] above;
- G. An affiliate of Parama, other than a subsidiary

Connected Persons (CP): In relation to a Member, another person or entity is a “connected person”, if he or she or it is one of the following:

- A. A corporation in which the Member holds or beneficially owns, directly or indirectly, at least 35 percent of the voting securities,
- B. An affiliate¹ of a corporation described in [A];
- C. A person or entity that has a 50 percent interest in a partnership in which the Member also has a 50 percent interest;
- D. A partnership in which the Member is a partner;
- E. A trust or estate in which the Member has a substantial beneficial interest;
- F. A trust or estate in respect of which the Member serves as a trustee or in a similar capacity;
- G. A person or entity on whose financial resources the Member depends to repay a loan to Parama;
- H. A person or entity who provides security to Parama for a loan to the party.

In relation to a Member who is an individual, another individual is a connected person of the Member if that other individual is one of the following:

- A. A spouse of the Member who is financially dependent on the Member;

¹ “affiliate” means when one body corporate is affiliated with another body corporate if one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person.

- B. A relative of the Member or of the Member's spouse who lives in the same home as the Member and who is financially dependent on the Member or the Member's spouse.

Conflict of Interest:

Applies when a Director or Officer is/has:

- A. A party to a material contract or proposed material contract with Parama;
- B. A director or officer of an entity that is a party to a material contract or proposed contract with Parama;
- C. A material interest in a person who is a party to a material contract or proposed material contract with Parama; or
- D. A spouse, parent or child of an individual who is a party to a material contract or proposed material contract with Parama.

Related Party (RLT.PTY): A person or entity is related to Parama in connection with the preparation of its financial statements if:

- A. The person or a close member of that person's family has control or joint control over Parama;
- B. The person or a close member of that person's family has significant influence over Parama;
- C. The person or a close member of that person's family is a member of the key management personnel of Parama (Executive leadership team; Board of Directors and Officers of Parama); or
- D. The entity (a corporation/partnership) is controlled or jointly controlled by a person identified in [A], [B], or [C].

Close members of the family of a person described in [A] [B] or [C] above are those family members who may be expected to influence, or be influenced by, that person in their dealings with Parama and include:

- A. That person's children and spouse or domestic partner;
- B. Children of that person's spouse or domestic partner; and
- C. Dependents of that person or that person's spouse or domestic partner.

Parents and siblings are by virtue expected to have influence or be influenced by the individual unless otherwise proven. Family members outside of the immediate family are normally not expected to influence or be influenced by the individual.

Possible examples of where non-immediate family members would be considered under the definition of "close members of the family" include situations where they are dependents of the individual; live in the same household; have strong financial ties.

Control: The power to govern the financial and operating policies of Parama so as to obtain benefits from its activities.

Joint Control: The contractually agreed sharing of control over an economic activity.

Key Management Personnel: Those persons having authority and responsibility for planning, directing and controlling the activities of Parama, directly or indirectly, including any director of Parama.

Significant Influence: The power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies. Significant influence may be gained by share ownership, statute or agreement.

DECLARATIONS:

Name of Spouse [RP & RLT.PTY]:

Is Spouse financially dependent on me? [CP] Yes No

Names of Children and other Relatives financially dependent on me or my spouse and who live in my home [RP & CP]: Other “close family members” who are expected to influence or be influenced by me (whether or not they are financially dependent) [RLT.PTY]:

A. Names of children of self or spouse/domestic partner:

B. Names of dependents of self or spouse/domestic partner:

C. Names of other individuals who live in the same household as self:

D. Names of other individuals who have strong financial ties to self or spouse/domestic partner:

E. Names of corporations whether or not they are Members of Parama in which I beneficially own, directly or indirectly, more than 10 percent of the voting shares, and the affiliates [CP] of said corporations: (state percentage) [>10=RP; >35=CP]:

-
- F. Names of Corporations, Partnerships or Unincorporated Associations whether or not they are Members of Parama in which I beneficially own 50 percent or greater of the voting shares and their subsidiaries: (state percentage [50% = joint control; >50% = control]) [RLT.PTY]
-
- G. Names of corporations whether or not they are Members of Parama in which I or any one of my spouse, children and other relatives named above own shares which carry more than 50 percent of the votes for the election of directors: [RP]
-
- H. Names of Corporations, Partnerships or Unincorporated Associations whether or not they are Members of Parama in which any one of my spouse or close family members (identified above) own shares which carry 50 percent or greater of the voting shares and their subsidiaries: (state percentage [50% = joint control; >50 = control]) [RLT. PTY]
-
- I. Names of corporations or unincorporated associations whether or not they are Members of Parama for which I serve as a Director or Officer [CONFLICT]:
-
- J. Names of partnerships whether or not they are Members of Parama in which I am a partner: (state percentage interest and percentage interest of other partners) [CP]:
-
- K. Names of trusts or estates which are Members of Parama and in which I have a substantial beneficial interest [CP]; [RLT.PTY]:
-
- L. Names of trusts which are Members of Parama and for which I act as trustee (including accounts on which I act as attorney for property) [CP]:
-
- M. Names of non-relative Members for whom I have provided financial assistance, including a guarantee or co-signature for loans from Parama [CP]:
-

ACKNOWLEDGEMENT:

I hereby:

- i. acknowledge that this declaration is given for the purposes of assisting Parama in complying with statutory and regulatory requirements relating to transactions with Restricted Parties [RP]; Connected Persons [CP], Conflicts of Interest [CONFLICT] and Related Parties [RLT.PTY].
- ii. understand that the questions will not necessarily elicit answers that will disclose all of my relatives who may be Restricted Parties, nor all of my relatives who may be Related Parties; and
- iii. undertake to disclose to the Board my connection to any relative who has a material contract or loan with Parama as soon as I become aware of it. I warrant that the information provided herein is complete and accurate in all material respects as of the date it is given and undertake to bring to the attention of the Parama any subsequent information which would necessitate the completion of a new Declaration.

Any declaration I have made above to the effect that I am a director or officer of a corporation/ partnership/ unincorporated association, or have a material interest in a person, shall be regarded as a general notice to the Board of Directors that I have an interest in any contract made with that entity or person by Parama.

Dated at _____, Ontario, this _____ day of _____ 20 ____.

Signature of Party:

7. REQUIREMENTS TO DISCLOSE

The Credit Unions and Caisses Populaires Act also requires Board Candidates to disclose if they are a party to a material contract or proposed material contract with Parama. You must include the disclosure in your submission if you:

- i. Are a party to a material contract or proposed material contract with Parama;
- ii. Are a director or an officer of an entity that is a party to a material contract or proposed material contract with Parama;
- iii. Have a material interest in a person who is a party to a material contract or proposed material contract with Parama; or
- iv. Are a spouse, parent or child of an individual who is a party to a material contract or proposed material contract with Parama.

Please provide details here if any of the above applies.

Dated at _____, Ontario, this _____ day of _____ 20____.

Signature:

Name (please print):

Signature:

Name (please print):

8. BACKGROUND INFORMATION FOR CANDIDATES

Preamble

Directors of Parama Credit Union Limited (“Parama”) are expected to attend all scheduled Board and Committee meetings and be active participants therein. They are also encouraged to attend other Parama related organizational and community related activities, as well as for Directors new to the credit union system, be willing to attend credit union system conferences and familiarize themselves with director orientation materials. Directors are also required to participate in Director education as outlined below.

The information found below identifies and briefly describes Parama Committees, Director education requirements and a summary of meetings and estimated commitment of time which one might expect when they become a Director of Parama.

Committees

FULL BOARD

The Board of Directors currently consists of nine Directors, each elected by the Membership for a term of three years, subject to a term-limit of six consecutive three-year terms in office. The Board is responsible for the general direction and independent oversight of the affairs of Parama to ensure that the Parama is managed in a sound and prudent manner.

BOARD

The Board has established a number of committees to assist the Board in fulfilling its mandate. Directors may sit on any of a number of committees, the mandates of which are as follows:

A. Audit Committee

The Audit Committee provides the Board with reports on matters related to accounting and financial reporting practices, risk management, and internal and external control procedures. The Audit Committee mandate which covers all of the duties required to be performed by audit committees as set forth in the regulations to the Act. These duties include the review and the making of recommendations where appropriate of the following:

- Terms of the external audit engagement, scope of the audit, any findings and recommendations made by the auditor and audited financial statements,

- Arrangements for safeguarding the assets of the Credit Union, the accuracy of financial reports and compliance with policies and procedures,
- Effectiveness of internal audit practices and related findings, and
- Policies, procedures and controls which relate to legislative compliance.

B. Governance Committee:

The Governance Committee supports and makes recommendations to the Board in connection with the development, implementation, management and review of governance practices including their alignment to regulatory requirements and Parama's values. The Governance Committee is responsible for assessing the performance and mandates of the Board and its Committees to ensure an effective governance framework.

C. Nominating Committee:

The Nominating Committee supervises process for the nomination, evaluation, selection and election of candidates for the Board.

Meetings/ Time Commitment

Board meetings may occur as frequently as monthly and may be held virtually or on-site at Parama's head office. It is expected that in addition to the actual time spent at a Board or Committee meeting, a Director will have familiarized themselves with meeting materials and otherwise be prepared to make a positive and informed contribution. Committee agendas and supporting materials are provided prior to attending each meeting. Materials for all Board and Committee meetings are posted on a secure on-line portal the week prior to the scheduled meeting. Elected Directors are expected to be able to receive and process information through digital channels. While the amount of time required to prepare for a meeting will vary for each individual, it is not unusual for a Director to spend approximately 3-6 hours preparing for a Board or Committee meeting.

Travel time to and from meetings is another factor to be considered.

Attendance at all Board and Committee meetings is tracked and reported to the Board.

The following meeting summary shows the approximate time commitment for each Director during the course of a year:

BOARD MEETINGS (currently held monthly)	Board meetings are held after work hours usually on the third Tuesday evening of the month (except for July and August).
--	--

	Meetings are held at 2987 Bloor St. West, Toronto ON
ORIENTATION PROGRAM	Newly elected Directors; are expected to familiarize themselves with the regulatory and governance environment within the first two months following election. Materials and other resources are provided by Parama. Allow a minimum of two days.
AUDIT COMMITTEE	Meets approximately six times a year (allow two hours/meeting).
GOVERNANCE COMMITTEE	Likely to meet three times during the year (allow two or three hours/ meeting).
NOMINATING COMMITTEE	Meets approximately three times per year (allow two or three hours/ meeting).
ANNUAL GENERAL MEETING	Usually held during March. Allow four hours.
PLANNING SESSIONS	Generally involves a one day conference, usually on a weekend in late October early November.

Education

Director training and development is considered important in developing an understanding the roles and responsibilities of being a Director of a Credit Union.

Parama's expectations and policies governing Director Training and Qualifications are predicated substantially upon latest guidance developed by FSRA and/or its predecessor the Deposit Insurance Corporation of Ontario. Refer to: <https://www.fsrao.ca/media/2946/download>

Directors are required to meet Parama's minimum annual requirements for continuing education and professional development. At present, Directors are required to complete a minimum of six hours of Industry- related training per year.

The Board allocates funds annually for training and development purposes. It is incumbent on each Director to consider additional opportunities for development wherever possible.

Remuneration

Directors are paid an annual honorarium in recognition of the significance of the accountabilities and responsibilities associated with their role. Reasonable expenses are reimbursed as per Board policy.

9. CODE OF CONDUCT OF EMPLOYEES, OFFICERS, DIRECTORS AND EMPLOYEES

Preamble:

PURPOSE

The purpose of this Code of Conduct (“Code”) is to establish the rules governing the business and ethical conduct of directors, officers, employees along with select third parties, consultants and volunteers engaged by Parama Credit Union Limited (said third parties, consultants and volunteers referred to herein as “volunteers”). It is important that ethical and lawful conduct be evidenced in all business practices, in order to protect the reputation of the organization and preserve community trust.

GENERAL DUTIES OF CARE

Each director, officer, employee or volunteer of the credit union shall exercise the power and discharge the duties of his/her office honestly, in good faith, and in the interests of the credit union and shall comply with the applicable by-laws, guidelines, policies and procedures of Parama.

Regulatory Compliance

Directors, committee members, officers, employees and volunteers have a duty to comply with the Act, Regulations and Authority Rules and in this regard, they should obtain sufficient understanding of relevant legal duties and prohibitions.

Non-compliance with the Act can carry serious consequences for directors and officers, especially where it represents an offence under the Act. Any director, officer or agent of a credit union who commits an offence under the Act, authorized, or acquiesced to the offence, is liable to severe penalties. Penalties prescribed for individuals in the Act include a maximum fine of \$500,000 or maximum imprisonment for two years or both.

In addition, the credit union, and its directors and officers, have responsibilities and duties under other legislation and common law.

CONFIDENTIALITY

Each director, officer, employee or volunteer must make every effort to protect all credit union property and assets from harm, loss or misuse, especially those that are in their custody or control and are their responsibility. These may include cash, negotiable instruments such as drafts, money orders, securities or certificates, premises, equipment, bank records, customer or employee information, or computer resources and information systems. They also include all information between Parama and its customers, employees or business partners,

which must be kept secure from third parties, and which shall not be used for personal benefit or for the benefit of family, friends, or associates. Parama property may only be used for the purpose of executing their accountabilities with Parama. Rules of confidentiality are prescribed in section 107 to 110 of the Act.

In respect of information respecting members' transactions with the credit union, a director, officer, employee, or volunteer may disclose such information in the following circumstances, pursuant to the Act:

- a) To a person acting in a confidential or professional relationship to the credit union including an employee of a league in which the credit union is a member;
- b) To a financial institution with which the credit union has transactions that may involve confidential matters;
- c) To a credit grantor or to a reporting agency, if the disclosure is for the purpose of determining the credit-worthiness of the member;
- d) To the director, deposit insurer and the stabilization authority for the credit union; and
- e) To any other person entitled to the information by law.

Any credit union property (including any and all devices, records, data, notes, reports, correspondence, materials, equipment, other documents or property or reproductions of such items developed by that person pursuant to his/her arrangement with the credit union or otherwise belonging to the credit union) in the possession of a director, officer, employee or volunteer upon termination of that person's relationship with the credit union for any reason, shall immediately be delivered to the credit union and not kept in that person's possession, recreated or delivered to anyone else.

Prior to assuming duties which include the right of access to member records, directors, and staff shall be required to sign a confidentiality agreement. This agreement is a written pledge of an individual to hold private matters in strict confidence.

CONFLICTS OF INTEREST

Each and every director, officer, employee or volunteer has an obligation of loyalty to the credit union and should subordinate his/her personal interest when they conflict with or threaten to conflict with the best interests of the credit union and its members. They must be fair and honest in all their dealings with Parama shareholders, customers, suppliers, competitors and employees.

Employees must not act in the capacity of executor, agent, trustee, attorney or in any other fiduciary capacity for a Parama customer, other than a customer who is a relative of the employee.

Each and every director, officer, employee or volunteer of the credit union shall declare all actual or potential material conflicts that may arise between their duty to (i) the credit union and (ii) their personal obligations, other fiduciary duties or financial interests (direct or indirect). In the case of directors and officers, these conflicts shall be reported to the chair, and in the case of employees and volunteers, to the person to whom they directly report.

A director, officer, employee or volunteer should not engage directly or indirectly, as a director, officer, employee, consultant, partner, agent or major shareholder in any business or undertaking that competes with, does business with or seeks to do business with the credit union except with the express written approval of the chair. A major shareholder is defined as a person who owns (directly or indirectly) more than ten percent of the issued and outstanding equity of a company.

Conflicts of interest arise if an individual:

- a) Is a party to a material contract or proposed material contract with the credit union;
- b) Is a director or an officer of an entity that is a party to a material contract or proposed material contract with the credit union;
- c) Has a material interest in a person who is a party to a material contract or proposed material contract with the credit union; or
- d) Is a spouse, parent or child of an individual who is a party to a material contract or proposed material contract with the credit union.

The director, officer, committee member or employee shall disclose the nature and extent of any such interest, in writing, to their immediate supervisor, the Human Resource Officer, or Chair of the Governance Committee as appropriate credit union and/or in the case of a director of the Board request that it be entered in the minutes of Board meetings.

With respect to restricted party transactions, full disclosure of material transactions shall be recorded in the Board's minutes and will be transacted in accordance with legislated restrictions.

No director, officer, employee or volunteer of the credit union may give to or receive from any friend, relative or someone with whom he/she is involved in a close personal relationship, any special consideration relating to employment or conditions of employment. All business decisions must be based on sound ethical business practices, and all human resources decisions must be based on sound management practices and not be influenced by personal concerns.

If any director, officer, employee, third-parties or volunteer of the credit union has a supervisory/subordinate (subordinate includes anyone with a direct or indirect reporting relationship) or dual custodial relationship with a relative or someone with whom he/she has a close personal relationship, that individual must report

that relationship to their manager and the Human Resources Officer. The organization will need to take appropriate measures to ensure that no potential for a real or perceived conflict of interest exists.

To avoid conflicts of interest, directors, officers, employees and volunteers must do more than merely act within the law. They must conduct their affairs in such a manner that their performance will at all times bear public scrutiny and must avoid acting in a manner that is not in the best interests of the Parama or its members. The appearance of conflict of interest as well as the conflict itself must be avoided.

ACCEPTING GIFTS

No director, officer, employee or volunteer shall accept any gift, hospitality or favour offered or tendered by virtue of the official's position with Parama, where the gift, hospitality or favour possesses any one of the following characteristics:

- a) Is in the substance or form such that an impartial observer would construe it to be an improper incentive;
- b) Places the official under an actual or implied obligation;
- c) Has a value equivalent to or greater than \$100.00; or
- d) Is in the form of cash or cash equivalent.

When dealing with public officials whose responsibilities include the business of credit unions, acts of hospitality should be of such a scale and nature so as to avoid compromising the integrity or reputation of either the public official or the credit union. Such acts of hospitality should be undertaken in the expectation that they could well become a matter of general knowledge and public record.

THE REPORTING OF QUESTIONABLE OR FRAUDULENT ACTIONS

It is the responsibility of directors, officers, employees, and volunteers to report to Parama, their awareness of any situation which might adversely affect the reputation of Parama. This would include any questionable, fraudulent, or illegal events or material actions in violation of Parama policy which comes to their attention. If such events involve volunteers or employees, the matter should be reported to the appropriate senior employee/officer; if the matter involves the CEO, directors or committee members, the matter should be reported to the Audit Committee.

Every director, officer, employee, or volunteer is expected to comply promptly with any request from internal and/or external auditors for assistance and to provide full disclosure of any situation under investigation.

DECLARATION OF ETHICAL CONDUCT

I, _____, hereby acknowledge that I have carefully read and understood the information set forth in this Code of Conduct.

I agree to faithfully abide by the terms of this Code of Conduct and to discharge my duties honestly and in good faith and in the best interests of Parama and to ensure fair treatment of members. I will promptly and fully disclose any fiduciary relationship, activity or personal financial interest that might impair or affect my judgment or influence my decisions.

I understand that I will be in possession of sensitive information relating to Parama and its members and I will treat such information as confidential and will not disclose it to third parties or use it for my own personal benefit or the benefit of any other person. I will use the utmost care and discretion in the handling of such confidential information.

Undertakings to maintain the confidentiality of credit union information and return Parama property shall survive the term of my relationship with Parama.

Dated at _____, Ontario, this _____ day of _____ 20____.

Signature:

Name (please print):