

2019 ELECTIONS Board of Directors

Dear Prospective Board Candidate:

At Parama Credit Union Limited ("PARAMA") we value the dedication and commitment of our Members who choose to participate in our nomination and election process as a board candidate. We thank you for your interest in seeking nomination for our Board of Directors. Inside this package you will find information which clarifies the qualification criteria for Candidates and expectations of Board Members of their role of governing PARAMA. You will also find everything that you 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, in determining whether a Candidate shall secure the committee's nomination to stand for election to the Board of Directors.

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 a formal interview.

Based on the information contained both in the Candidate's application and further 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 any other candidates are 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 received by Parama no later than 5 P.M. February 26, 2019.

Yours truly,

Rita Urbonavicius
Board Chair

PARAMA Board of Directors Candidate Information Guide

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1. CANDIDATE'S GUIDE - OVERVIEW

2019 Application for Nomination

Individuals wishing to be Candidates for Parama Credit Union Limited ("PARAMA")'s Board of Directors must be at least 18 years of age, must be a member of PARAMA and hold at least one \$5 Membership Share of PARAMA.

Additional eligibility requirements and selection criteria are outlined on 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
2975 Bloor St West,
Toronto, Ontario
M8X 1C1

Applications must be received by Nijole Lewington no later than 5 P.M. February 26, 2019.

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.

The election of Directors by Members will be conducted at the Annual General Meeting to be held March 26, 2019 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”).

I do solemnly undertake 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”), as applicable, including the provisions of disqualified individuals as outlined in Section 92(1) of the Act. (The Act is accessible at www.elaws.gov.on.ca/DBLaws/Statutes/English/94c11_e.htm);
- c) comply with the Director’s Code of Conduct, including conflict of interest and other similar requirements as may be adopted by the Board from time to time;
- d) achieve and maintain requisite competency levels and other qualifications as mandated for directors in policy; 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 PARAMA’s By-Laws, and the rules relating to the elections and the conduct thereof; and
- h) resign from the Board in the event the Board has determined that as a Director, I have ceased to meet the eligibility requirements, as set out in PARAMA’s By-Laws or Section 91 of the Act or if I have met the test of any of the disqualifying criteria as set out in Section 92(1) of the Act, during my term of office

I further understand that to be eligible for consideration, this application must be completed as required; submitted in accordance with the requirements of this guide; and 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 following:
 - a. Experience, expertise and qualifications of the Candidate;
 - b. Candidate’s involvement in community activities;
 - c. Candidate’s past and present service as a Director of a Board or a similar role;
 - d. Education including any formal Director education/training accreditations;
 - e. Candidate’s 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 and understanding of governance principles)
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.

DATED AT _____, ONTARIO, THIS _____ DAY OF _____ 20__.

Candidate's Signature: _____, PARAMA Account # _____

Endorsed by:

_____, _____, PARAMA account # _____
Signature Name (please print)

DATED AT _____, ONTARIO, THIS _____ DAY OF _____ 20__.

_____, _____, PARAMA account # _____
Signature Name (please print)

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 2.03 of PARAMA's By-laws;
2. is at least eighteen 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 he or she 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;

If an incumbent director, the member cannot have served as a director of PARAMA for more than four (4) consecutive terms commencing from March 28, 2010.

Disqualified Individuals

Under subsection 92(1) of the Credit Unions and Caisses Populaires Act, 1994, 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 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 a bond of an insurer licensed under the Insurance Act to write surety and fidelity insurance.
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 he or she may be elected as a director, of an offence described in subsection (3) and who has not received a pardon for the offence.
8. One whose Membership in a professional association has been terminated, in the five years preceding the date on which he or she may be elected as director, for professional misconduct.
9. An employee of PARAMA or a league in which PARAMA is a Member or his or her spouse, parent or child.

10. 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.
11. An employee of the Corporation (Deposit Insurance Corporation of Ontario).
12. A public servant employed under Part III of the Public Service of Ontario Act, 2006 whose employment duties include regulating credit unions.
13. One who has not met the training requirements or qualifications for directors established by PARAMA.
14. One who has not met any reasonable condition or qualification set out in the By-laws of PARAMA.

Exception

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

Type of offence

(3) An offence referred to in paragraph 7 of subsection (1) is an offence that,

- a) is related to the qualifications, functions or duties of a director of a body corporate;
- b) involves theft or fraud;
- c) involves a contravention or failure to comply with this Act, a predecessor of this Act or an Act governing a subsidiary of PARAMA; or

involves a contravention or failure to comply with the Securities Act.

4. CANDIDATE SELECTION CRITERIA

(as extracted from the policies of Parama Credit Union Limited (“PARAMA”))

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

Mandatory Individual Director Criteria

A candidate for director must:

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. 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 an individual Director of a Credit Union, including willingness to ask probing questions and challenge Management within the governance framework;
4. Commit to regular attendance at Board/Committee meetings and to full preparedness, willingness and ability to contribute positively to meeting content;
5. Understand the importance of credit unions in their communities;
6. Demonstrate the ability to provide leadership and be an effective communicator;
7. 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;
8. Demonstrate personal integrity, financial stability and high ethical standards;
9. Have never declared personal or business bankruptcy;
10. Be willing to commit to continuous learning and undertake appropriate director training and development initiatives;
11. Have the ability to understand and assess implications of financial statements and auditors reports;
12. Agree to fulfil the time commitment, including travel time and work load associated with being a Director of PARAMA;
13. Have the capability to access electronic information via the Internet, and be able to print associated materials.

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. Whether the candidate is actively employed or engaged in a field or activity which ensures that the skills are current.
4. The extent of any previous experience as a Director on a Board
5. Past reputation for rendering valuable contributions to the community
6. 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. capital markets financing instruments (e.g. securitizations, interest rates, on balance sheet financing etc.), and
 - e. the field of economics, finance, treasury or investment services.

Please note that 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 the principle of 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
NA:	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.

For greater detail candidates are encouraged to refer to the DICO Guidance Note and Application Guide on Director Training and Qualifications as published on DICO's web-site (www.dico.com)

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:	
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 of a person described in [A] or [B] above, if the relative lives in the home of the above and is financially dependent on the person described in [A] or [B];
- D. a corporation/partnership in which a person described in [A] beneficially owns, directly or indirectly, more than 10% of the voting shares; or
- E. a corporation/partnership controlled by a person described in {[A] [B] [C] or [D] above

Relative:

A relative by blood, marriage or adoption.

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 per cent of the voting securities,
- B. an affiliate¹ of a corporation described in [A],
- C. a person or entity that has a 50 per cent interest in a partnership in which the Member also has a 50 per cent 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,

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.

- 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,
- 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 is not 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 per cent 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 per cent 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]:

Acknowledgment:

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” under s. 75 of the General Regulation under the Credit Unions and Caisses Populaires Act, nor all of my relatives who may be related parties under IFRS – IAS 24 – Related parties; and 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
- iii. 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

Witness Signature

Name

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. We hope that the information below will assist you in clarifying your obligations should you become a Director. However, if you have any questions regarding the information, or wish to learn more about PARAMA Governance structure/practices, please contact Nijole Lewington, Manager Operations, nijolel@parama.ca, 416-207-9239 xt 243.

Committees

FULL BOARD

The Board of Directors consists of 8 Directors, each elected by the Membership for a term of 3 years, subject to a term-limit of four consecutive terms in office. The Board is responsible for establishing corporate objectives, policies, performance standards and measures and the hiring of and delegating authority to the CEO.

BOARD COMMITTEES

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 is charged with a number of statutory responsibilities, as required under the Credit Union Act. It also reviews and recommends the annual financial statements to the Board. It is responsible to ensure effective management of operational risk as well, that capital, liquidity management and internal control systems are at acceptable levels. It is additionally responsible for monitoring compliance with PARAMA’s Restricted Party policy.

B. Governance Committee:

This Committee has the responsibility to ensure effective corporate governance, including its structure, and the establishment of Committee mandates so that the Board’s responsibility to the Membership is fulfilled. It is responsible for assessing the performance of the Board and its Committees.

C. Nominating Committee:

The Nominating Committee is responsible to oversee the director Nomination, Evaluation, Selection and Election processes for Board Candidates, as well as the oversight of activities associated with the Annual General Meeting of Members, including the development of the Annual Report.

D. Human Resources Committee:

This Committee is responsible for overseeing the Human Resources policies and programs for PARAMA; ensuring that they are developed, implemented and adhered to by Management in support of the business strategies of PARAMA; and providing employees with fair and meaningful employment in a safe and respectful workplace, while remaining consistent with PARAMA's Values, Vision and Mission and strategy of being an Employer of Choice. The Committee has oversight of the employee Pension Plan; the Chief Executive Officer's performance and compensation; the compensation and talent management plans for the Executive Leadership Team; and ensures effective succession plans are in place at the CEO, Executive Management level, and the Corporate Secretary position. The Committee is also responsible for the oversight of Director compensation.

Meetings / Time Commitment

Board meetings are held monthly, It is expected that, in addition to the actual time spent at a Board or Committee meeting, a Director will fully review all materials (e.g., Board materials, Committee agendas and supporting material) provided prior to attending each meeting. Materials for all Board and Committee meetings are posted on a secure web-site containing board related information generally no later than one week prior to the scheduled meeting. Elected Directors are expected to be able to receive, print and communicate via electronic means. While the amount of time required for this task will vary for each individual it is not unusual for a Director to spend approximately 3–6 hours preparing for a Board or for some Committee meetings.

While travel time to and from meetings will vary with each Director, it is another factor to be considered.

Attendance at all Board and Committee meetings is tracked and reported to the Board. While occasional conference calls are held to deal with special issues between regularly scheduled meetings, for the most part Directors are expected to attend meetings in person. Under exceptional circumstances the Chair may allow participation in a meeting via telephone conference.

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 2975 Bloor St West, Toronto, Ontario
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 minimum of one to 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 hours/meeting).
NOMINATING COMMITTEE	Meets approximately three times per year (allow two hours/meeting) plus a concentrated period during March when candidates are being assessed
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.
HUMAN RESOURCES	Meets approximately three times per year (allow two hours/meeting).

Education

PARAMA considers training and development programs for our Directors extremely important to assist them in understanding the roles and responsibilities of being a Director of a Credit Union. In 2012 the Deposit Insurance Corporation of Ontario (DICO) set out minimum expectations for individual Director competencies which must be achieved within predefined time frames.

Candidates should refer to the DICO Guidance Note and Application Guide on Director Training and Qualifications as published on DICO's web-site (www.dico.com).

Directors are required to meet PARAMA's minimum annual requirements for continuing education and professional development.

In addition, Directors may be expected to attend various in-house training sessions. The Board allocates funds annually for training and development purposes, and 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 governing PARAMA, and in recognition of the time required for Directors

to fulfil their responsibilities, as well as a per diem for each meeting attended. Reasonable expenses are reimbursed as per Board policy.

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

Preamble:

PURPOSE

The purpose of this Code of Conduct is to establish the rules governing the business and ethical conduct of the directors, officers, employees and volunteers of Parama Credit Union Limited ("PARAMA"). 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. The board has adopted this policy and the board shall review this policy annually.

GENERAL DUTIES OF CARE

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

In any situation where the appropriate conduct is unclear or ambiguous, employees must seek the advice of their manager of Human Resource Officer.

Directors, credit committee members and officers shall also comply with the Credit Unions and Caisses Populaires Act, 1994 (the Act), Regulation 237/09 prescribed therein and the by-laws of the Deposit Insurance Corporation of Ontario.

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.

In respect of information respecting members' transactions with PARAMA, a director, officer, employee or volunteer may disclose such information in the following circumstances, pursuant to Section 143 of the Act:

- (a) to a person acting in a confidential or professional relationship to PARAMA including an employee of a league in which PARAMA is a member;
- (b) to a financial institution with which PARAMA 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 PARAMA; 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 PARAMA or otherwise belonging to PARAMA) in the possession of a director, officer, employee or volunteer upon termination of that person's relationship with PARAMA for any reason, shall immediately be delivered to PARAMA and not kept in that person's possession, recreated or delivered to anyone else.

CONFLICTS OF INTEREST

Each and every director, officer, employee or volunteer has an obligation of loyalty to PARAMA and should subordinate his/her personal interest when they conflict with or threaten to conflict with the best interests of PARAMA. 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 PARAMA shall declare all actual or potential material conflicts that may arise between their duty to (i) PARAMA 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 PARAMA 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.

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 PARAMA 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 or volunteer of PARAMA 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 their 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 PARAMA. Such acts of hospitality should be undertaken in the expectation that they could well become a matter of general knowledge and public record.

MAINTENANCE OF CREDIT UNION RECORDS

Accounting, administrative and member records will be maintained in an accurate and timely fashion so as to present fairly and accurately the financial position of PARAMA and of all member accounts for which it has responsibility. No undisclosed assets, liabilities or hidden funds of any sort are permitted.

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 credit union 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 PARAMA's Code of Conduct dated _____.

I agree to faithfully abide by the terms of the Code of Conduct and to discharge my duties honestly and in good faith and in the best interests of PARAMA. 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 credit union property shall survive the term of my relationship with PARAMA.

Dated at Toronto this day of , .

Signature.....

Print name.....