COVID-19 and DEI: Revolution & Evolution In the Credit Union Community

The State of Credit Union Governance 2021

A Special Report

By the David & Sharon Johnston Centre for Corporate Governance Innovation at the University of Toronto's Rotman School of Management and Quantum Governance, L3C, with support from CUES

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Thank you to the many credit union leaders who participated in the survey that informed this report. We are profoundly grateful. We offer our deepest sympathies to all those who have lost, and continue to lose, family members, friends, colleagues and employees to COVID-19, and we are also ever hopeful that the expanding commitment to diversity, equity and inclusion (DEI) that we see throughout the credit union community brings change wherever it is needed most.

This special report is the latest in a series of studies published under the CUES, Johnston Centre, Quantum Governance partnership as a part of The State of Credit Union Governance series. In this latest report, we discuss the impact of the pandemic on credit union boards, as well as the ways credit unions are responding to calls for greater DEI representation across North America.

We wish to note that we are not providing legal services or offering legal advice of any kind.

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The views presented in this report are those of the authors.
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INTRODUCTION

There are two central issues that have occupied the hearts, minds and conversations of nearly everyone around the world in this past year—COVID-19 and racial inequality.

For the credit union community, a sector not known for its nimbleness, COVID-19 put their boards, senior management and staff to the test, and they performed and responded in ways that likely surprised even them. The deaths of George Floyd, Breonna Taylor, Daunte Wright and far too many others woke up many who had been asleep for far too long. The resulting conversations concerning racial justice have fostered levels of awareness—and the need for action—in an unprecedented manner. And now, beyond just seeking a board that "looks like" their membership, credit union leaders are beginning to understand the value of diversity, equity and inclusion (DEI).

Earlier this year, CUES, the David and Sharon Johnston Centre for Corporate Governance Innovation, and Quantum Governance, L3C issued a preliminary report offering a snapshot of the impact of these two central issues—COVID-19 (herein referred to as the pandemic) and the increasing calls for DEI sweeping across North America—on the credit union community.

In this, our detailed report, ***COVID-19 and DEI: Revolution & Evolution in the Credit Union Community***, we provide new data and insights concerning these two critical issues.

In January 2021, we surveyed credit unions across North America and received 182 responses from leaders in the financial cooperatives sector. The majority of respondents were from credit unions located in the United States, representing those with both small and large assets. Participants primarily included board members, CEOs, and senior staff. More than 90% of survey participants identified as white, 61% as male, and 79% as older than 50 years of age. *(See Appendix A for the Methodology).*

By analyzing survey responses, we learned that credit unions have been remarkably agile in managing the unexpected changes brought on by the pandemic. Credit union leaders—and entire credit unions—have proven themselves to be genuinely adaptable and flexible, pivoting to working and meeting remotely. We also learned that credit union leaders have demonstrated an openness to learning about and discussing DEI issues and that being intentional about improving DEI in the boardroom has the potential to benefit the entire credit union community.

BOARD EFFECTIVENESS IN A PANDEMIC:

Credit Union Governance Before and Beyond COVID-19

Finding #1: Credit union boards have navigated the pandemic with resolve. Their leaders agree that board effectiveness has been steadfast during the crisis.

OVERALL BOARD EFFECTIVENESS

We all faced adversity and uncertainty when the pandemic began in 2020, and credit unions were no different. With a strong focus on continuing successful operations, credit union boards and CEOs took measures to accommodate new ways of meeting member needs, while at the same time safeguarding the health of both their members and their employees. We wanted to learn more about the potential impact of the pandemic on credit union boards by collecting and comparing credit union leaders' perceptions of board effectiveness (including board meetings) both before and during the pandemic.

We invited survey participants to consider their board's effectiveness by responding to nine statements, indicating their level of agreement (on a six-point Likert scale,[1] from Strongly Disagree to Strongly Agree). These statements, collectively referred to as the **Board Effectiveness Index** in our analysis, address issues relating to board operations, leadership, inclusion and individual director contributions in the boardroom (Table 1).

We assigned each response a score, from one to six (one being Strongly Disagree and six being Strongly Agree). A higher aggregate score for all nine responses represents a higher level of agreement and, therefore, higher overall satisfaction with board effectiveness.

Table 1: *Board Effectiveness Index.*[2]

Our board allocates an appropriate amount of time to strategic oversight at every board meeting
The quality, quantity and timing of information flowing to the board enables the board to add significant value to discussions and decisions
Our board composition represents an optimal combination of skills, expertise and demographics to make excellent decisions in the interests of our membership
Our board chair and CEO maintain an effective board-staff interface both during and between meetings
Our meeting agendas ensure an appropriate balance of informational content, engaging discussion and strategic dialogue
Our board chair actively works to ensure every board member contributes significant value in the boardroom
Our board has full confidence in the CEO's ability to lead their team and the credit union on a day-to-day basis
Every board member attends every board and committee meeting
Every board member arrives fully prepared for every board and committee meeting

1 A Likert scale is the most widely used scale in survey research in which responses are scored along a range. Most Likert scales use a five-point scale, with two positive and two negative choices and one neutral choice in the middle. The Board Effective Index used a six-point Likert scale, eliminating a neutral choice from the scale. The 6-point Likert scale: 1 – Strongly Disagree; 2 – Disagree; 3 – Slightly Disagree; 4 – Slightly Agree; 5 – Agree; 6 – Strongly Agree.

2 The questions on the Board Effectiveness Index are not provided in order of importance or rank order.

Respondents addressed statements in the Board Effectiveness Index twice; first, in consideration of their credit union board and its members before the pandemic and second, during the pandemic.

We expected that this great period of unprecedented change and uncertainty might correlate with credit union leaders feeling less positive about the effectiveness of their boards.

In fact, they didn't.

The credit union leaders that we surveyed reported that the effectiveness of their boards remained unchanged from before to during the pandemic, and any differences in average responses were statistically insignificant (using p-value of 0.05).

Credit union leaders selected high levels of agreement to all nine questions in the Board Effectiveness Index, when they considered their board both before and during the pandemic, indicating feelings of satisfaction about their board's effectiveness, regardless of the pandemic.

CREDIT UNION BOARD & COMMITTEE MEETINGS

With the exception of nearly everyone's board and committee meetings moving to a virtual format during the pandemic, we did note that many board meeting agendas, frequency and length of time remained nearly the same during the pandemic as before. Nearly 90% of respondents disclosed meeting at the same frequency during the pandemic as prior to, and 10% of respondents said that their boards started meeting more often.

Just over half of the participants reported that their meetings lasted the same duration during the pandemic as before, and one third began holding slightly shorter meetings. In their responses, survey participants indicated that important aspects of board operations and functioning were not significantly affected by the pandemic, and their perception of board effectiveness was steadfast.

Overall, our findings suggest that credit union boards have navigated the global health crisis caused by COVID-19 with consistent oversight, demonstrating a capacity to evade significant disruption of board governance and manage unexpected change.

Finding #2: Crisis planning makes a difference. Credit union leaders feel their boards have been more effective during the pandemic when their crisis plan includes provisions relevant to a global health crisis.

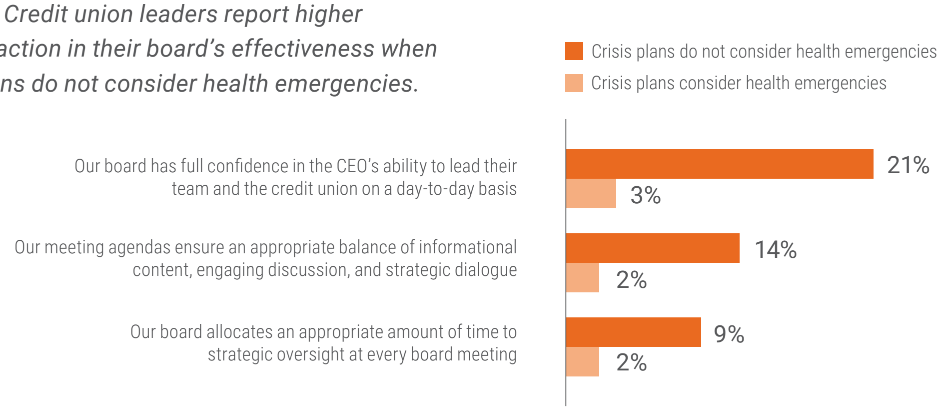
> ONE OF THE BIGGEST MISTAKES WE MADE WAS NOT BEING PREPARED FOR A SITUATION LIKE THIS AHEAD OF TIME.

Overall, we found that credit unions are prepared for emergencies. Prior to the pandemic, 84% had a written crisis plan in place, which makes sense given such plans are a requirement by the National Credit Union Administration (NCUA) for all federally insured credit unions. However, less than half of all respondents (46%) agreed their credit union was formally prepared for a health emergency like the pandemic. (Most guidance from the NCUA focuses on local events ranging from floods and fires to tornados and earthquakes.)

We found that survey participants were, on average, much more likely (by a multiple of 3.4 times) to be dissatisfied[3] with their board's effectiveness during the pandemic when the crisis plan did not include health considerations. The greatest disparity between participant responses (by an average multiple of 6.6 times) was most clearly observed in the responses to three statements from the Board Effectiveness Index (see Figure 1).

Furthermore, participants from credit unions with asset sizes above and below $1 billion reported similar rates of crisis plan adoption—both with and without health considerations—suggesting that more robust crisis plans are not predicated by credit union size. Although causation cannot be inferred, survey responses indicate that credit union leaders are much more likely to feel less prepared and report being less effective when crisis plans do not comprehensively address how to navigate the specific adverse event they are facing.

***Figure 1:** Credit union leaders report higher dissatisfaction in their board's effectiveness when crisis plans do not consider health emergencies.*



3 Dissatisfaction is measured by the proportion of respondents answering either "Disagree" or "Strongly Disagree" to the questions on the Board Effectiveness Index (see Table 1).

Finding #3: Credit union board meetings are more effective when all members meet virtually or in-person.

When the pandemic began, credit union directors moved quickly from the boardroom to their spare rooms and kitchens to attend their board and committee meetings, with 90% of survey participants indicating that they transitioned to fully virtual board and committee meetings when the pandemic began. Virtual attendance was not a new practice for credit union boards; prior to the pandemic, 86% held hybrid meetings, with a mix of in-person and virtual participation—the latter being by both phone or video conferences. Fully virtual board meetings, however, were rare.

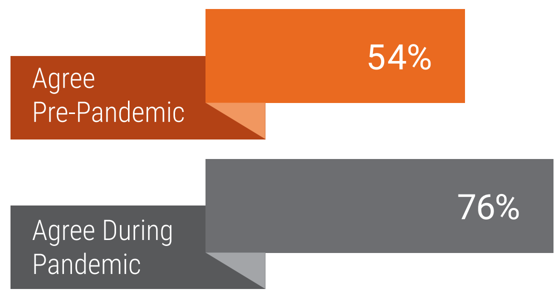
Interestingly, when the pandemic forced the entire board to attend virtual meetings, the effectiveness of remote board meetings skyrocketed. Only half of the participants reported they found it easy to add value to board discussions when participating virtually before the pandemic.

However, over 75% of respondents indicated that they found it easy to add value to board discussions when everyone attended virtually during the pandemic (Figure 2), compared to before the pandemic when meetings included a mix of remote and in-person attendees, suggesting that board meetings are more effective when all participants attend either remotely or in-person.

> VIRTUAL MEETINGS ALLOW THE BOARD TO MEET ALMOST INSTANTANEOUSLY TO SOLVE BREAKING ISSUES AND PROBLEMS.

As participants became more familiar with virtual meetings and the technology that facilitates them, their perception of participants' contributions increased. This may foreshadow the increased utilization of virtual meetings moving forward. Indeed, respondents confirmed many of their boards have become more open to virtual participation: only 12% indicated that their board will return to requiring in-person attendance at meetings post-pandemic (down from 27% pre-pandemic), and 22% shared that they expect to occasionally hold virtual meetings (up from 16% pre-pandemic).

Figure 2: *Do you believe your remote attendees are valuable in the boardroom?*



Of the respondents who provided open-ended, anecdotal responses to the question "**What is the most important lesson that your board learned during the pandemic?**," a quarter of the respondents mentioned the success and effectiveness of virtual meetings.

Yet, when asked about anticipated meeting practices post-pandemic, 65% of respondents disclosed that they expect their boards will return to hybrid (a mix of in-person and virtual) board and committee meetings.

Our findings should, however, encourage credit unions to emphasize the continued importance of fully in-person meetings, which also have the added benefit of facilitating the critical aspects of building the social fabric of the board to enhance board effectiveness. It is important, however, to remember that when in-person meetings are not possible, the data indicates that fully virtual meetings are more effective than hybrid ones.

LOOKING FORWARD:

Diversity, Equity and Inclusion on Credit Union Boards

Finding #1: Adoption of board DEI policies is associated with more frequent and comfortable discussions about DEI issues among credit union leaders.

In the summer of 2020, conversations about and commitments to DEI took on a renewed sense of awareness. Our survey findings suggest that credit union leaders are becoming more open to learning about and considering DEI issues. Sixty percent say they are more comfortable having a conversation about DEI today than they were a year ago, and over half say their boards are spending significantly more time discussing board diversity.

There has been some movement, but there is still a long way to go.

We also observed a correlation between the adoption of formal DEI policies and capacity for change among credit union leadership. Most credit union boards have not fully embraced and engaged in discussions around DEI, neither have they adopted any formal processes such as DEI policies or training for board members. Only 25% of respondents indicated their credit union has a formal DEI policy that governs the recruitment of directors. Those respondents whose credit unions do have board DEI policies both 1) feel more comfortable; and 2) spent more time having conversations about DEI today than they did a year ago (Table 2).

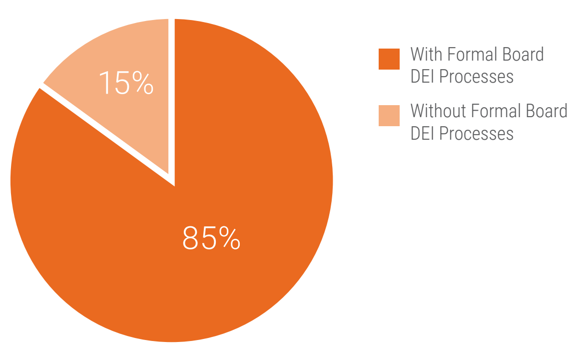
Table 2: *Credit union leaders are more comfortable and have more frequent conversations on DEI when their board has DEI policies in place.*[4]

Survey Prompt	Average Level of Agreement (Out of 6, With DEI Policy)	
I feel significantly more comfortable engaging in conversations about Diversity, Equity & Inclusion than I did a year ago.	4.9	3.6
Our board spends significantly more time discussing board diversity than it did a year ago.	4.5	3.0

Respondents who reported having board-level DEI goals, education and specific inclusion processes in boardroom discussions were also far more likely to report having a board composed of directors that more closely reflects the demographics of their membership and a balance of skills and diverse characteristics to effectively lead their credit union (Figure 3).

It is possible that increased comfort and frequency of conversation around DEI topics led to the implementation of DEI policies, or maybe it's vice versa. Causal influence in this circumstance is unknown. Our findings suggest a positive association between a formalized approach to DEI at the board level and comfort and frequency discussing DEI issues among credit union leaders, as well as their perceptions of board demographics.

Figure 3: *Participants that agree that their board has the optimal mix of skills and demographics.*

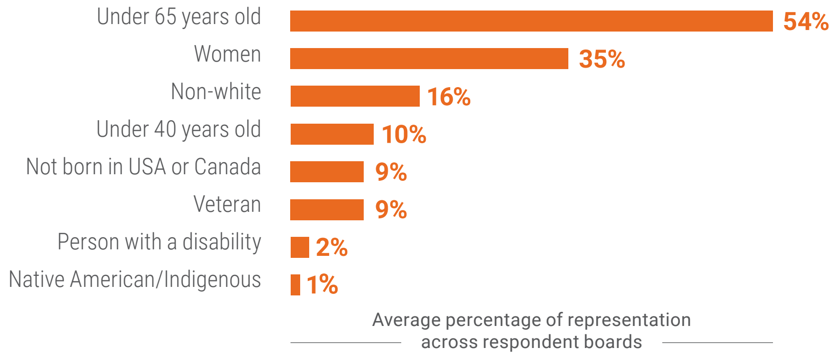


4 Survey respondents were prompted to provide an answer to survey questions with a Six-point Likert scale: 1- Strongly Disagree; 2 – Disagree; 3 – Slightly Disagree; 4 – Slightly Agree; 5 – Agree; 6 – Strongly Agree. Therefore, an average of at least three indicates slight agreement with the statement and the closer to six (max), the stronger the average agreement and vice versa. As the average answer approaches six, the smaller the proportion of respondents that expressed some level of disagreement to the statement.

Finding #2: Credit unions struggle to improve demographic diversity in the boardroom.

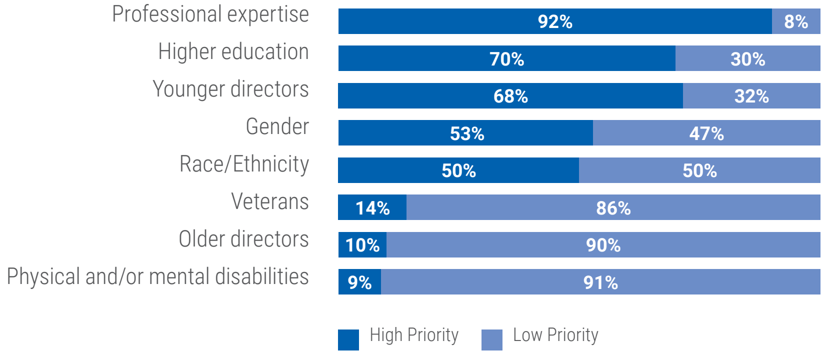
We invited credit union leaders to identify the number of their board members who belong to the following eight demographic groups (Figure 4). They reported a demographic composition similar to their own (see the Introduction); 65% male, 84% white and 46% over the age of 65.

Figure 4: *Demographic representation on credit union boards.*[5]



We also asked participants to indicate their board's level of prioritization (on a six-point scale, from Very Low to Very High) for two types of characteristics: 1) merit-based and 2) demographic, when recruiting new directors (Figure 5). For analysis, we grouped together Low with Very Low and High with Very High.

Figure 5: *Credit union boards prioritization when recruiting new directors.*



5 These averages are generated from the survey responses. Survey respondents indicated the number of voting members on their credit union board as well as the number of those members that represent each of the eight groups in question.

In their survey responses, credit union leaders indicated that merit-based characteristics (professional expertise and higher education) receive the highest prioritization when recruiting new directors, followed closely by age (younger directors) and then by gender and race/ethnicity. Conversely, veterans, age (older directors) and physical and/or mental disabilities received lower prioritization.

Lower prioritization of demographic considerations overall (as compared with higher prioritization of merit-based considerations) is in alignment with the representation of diverse demographic groups on credit union boards, relative to the representation of demographic groups in the adult population in the United States (Table 3).

Table 3: *Demographic representation on credit union boards, relative to adults in United States.*

	Percentage of Credit Union Board Members (Average)	Percentage of Adults in United States
Under 65 years old	54%	79%[6]
Women	35%	51%[7]
Non-white	16%	37%[8]
Under 40 years old	10%	38%[9]
Not born in USA or Canada	9%	17%[10]
Veteran	9%	7%[11]
Person with a disability	2%	26%[12]
Native American/Indigenous	1%	2%[13]

Seven out of the eight demographics—the exception being veterans—were underrepresented on the boards of the credit union leaders surveyed, and they also received lower prioritization as compared with merit-based considerations. For example, having credit union board members under 65 years of age (and an even greater percentage for board members under 40), non-whites and persons with disabilities all showed gaps of 20% or more.

Every credit union serves a uniquely diverse community and is uniquely suited to understanding how best to represent their community's diversity in the boardroom. Fifty-one percent (51%) of credit union leaders, however, say their board could do a better job in reflecting the demographic diversity of its membership, suggesting that credit unions have an opportunity to represent their communities to a greater extent.

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6 U.S. Census Bureau (2020). Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States: April 1, 2010 to July 1, 2019 (NC-EST2019-AGESEX). Retrieved from https://www.census.gov/newsroom/press-kits/2020/population-estimates-detailed.html

7 U.S. Census Bureau (2020). Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States: April 1, 2010 to July 1, 2019 (NC-EST2019-AGESEX). Retrieved from https://www.census.gov/newsroom/press-kits/2020/population-estimates-detailed.html

8 U.S. Census Bureau (2020). Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States: April 1, 2010 to July 1, 2019 (NC-EST2019-AGESEX). Retrieved from https://www.census.gov/newsroom/press-kits/2020/population-estimates-detailed.html

9 U.S. Census Bureau (2020). Annual Estimates of the Resident Population by Single Year of Age and Sex: April 1, 2010 to July 1, 2019. Retrieved from https://www.census.gov/newsroom/press-kits/2020/population-estimates-detailed.html

10 U.S. Census Bureau (2020). Population by Sex, Age, Nativity, and U.S. Citizenship Status: 2019. Retrieved from https://www.census.gov/data/tables/2019/demo/foreign-born/cps-2019.html

11 U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates. Selected Social Characteristics in the United States. Retrieved from https://www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/

12 Centers for Disease Control and Prevention, Disability and Health Data System. United States, DC & Territories - 2018, Disability status and types among adults 18 years of age or older. Retrieved from https://dhds.cdc.gov/

13 U.S. Census Bureau (2020). Annual Estimates of the Resident Population by Sex, Age, Race Alone or in Combination, and Hispanic Origin for the United States: April 1, 2010 to July 1, 2019. Retrieved from https://www.census.gov/newsroom/press-kits/2020/population-estimates-detailed.html

The State of Credit Union Governance 2020 reported that respondents listed demographic diversity as their number one priority (53%) when recruiting new board members. However, when that same group of respondents was asked what they value most in the boardroom, demographic diversity slipped to number six (31%).[14]

How can this be?

We hear directors say over and over that "Our board should look like our membership." True. But do they really know why? The real value in a diverse board is much deeper and richer than reflecting a group that "looks like" your members on your credit union's website. This is a start, to be sure. But it's only a start.

The true and inherent value is the 360-degree perspective the board gains from the contribution of unique experiences, cultural knowledge and a diverse and wide-ranging set of skills.

Quantum Governance's Adjunct DEI Lead Consultant and DEI Expert, Vernetta Walker, says that "Board members are accustomed to solving problems in an expeditious manner. However, achieving and benefiting from demographic diversity requires intentionality, attention to board culture and a willingness to engage the board in conversations to create alignment and understanding. If board members cannot articulate why diversity matters for the credit union, or their vision of how the credit union will be different, then there is more work to be done."

A credit union board that includes directors with personal connection to the needs, strengths and struggles of the communities and the members it serves is in a better position to make truly informed decisions—decisions that take into account the potential implications, risks and opportunities that will impact its members' lives. To truly value diversity is to make it a priority to seek out those directors whose experiences, voices and skills are essential to making more informed decisions in your boardroom, ultimately guided by your credit union's vision and mission.

To really be successful in representing their communities, credit union leaders must decide that diversity is important.

Directors may say that they want diversity in the boardroom, but if they do not truly value it, or if they value it lower than other skills and qualities, they will likely not put in the extra time and effort to search for and then elect diverse candidates. A 2018 report published by the Filene Research Institute and authored by Johnston Centre Manager Matt Fullbrook argued that credit union boards often struggle to attract diverse candidates.[15] Typical credit union board recruitment strategies, such as drawing from board and executive social networks, may not facilitate demographic diversity that better reflects credit union membership. Adopting formal recruitment processes that effectively expand the candidate pool is an important consideration so that demographic diversity on the board can be fully realized.

INCLUSIVITY IN THE BOARDROOM

In addition to diversity, inclusion in the boardroom is a vital part of the process. Boards will not benefit from the diversity of perspectives, skills and experience that a director brings to the table unless all directors feel like their perspectives are genuinely valued. The true value in diversity is when all board members are encouraged to bring the entire range of their skills and experiences to board discussions. We set out to learn more about how survey respondents feel about inclusion in their boardroom by asking them to consider how directors from underrepresented groups are involved in boardroom discussions.

Not all credit union leaders feel that their credit union's directors are all included equally or equitably. Respondents believe more work needs to be done to amplify the voices of directors from underrepresented groups, with only 37% saying their board has processes in place to ensure that underrepresented directors are fully included in boardroom dialogue.

14 The *State of Credit Union Governance*, 2020. CUES, The David and Sharon Johnston Centre for Corporate Governance Innovation at the University of Toronto's Rotman School of Management, Quantum Governance, L3C.

15 Matt Fullbrook. (2018). Formalizing the Art of Board Composition. Filene Research Institute.

Finding #3: Higher rates of board renewal are associated with a greater number of directors from underrepresented population groups.

Our findings show that boards with a greater degree of board member renewal are more likely to be demographically diverse. However, we found very few credit union boards have formal processes to promote regular board renewal, with, for example, less than 20% having term limits in place. Since term limits are one commonly prescribed practice to support effective, healthy renewal on boards, we expected that boards with term limits would renew their ranks more frequently than their counterparts without term limits. Surprisingly, we found that the frequency of renewal was about the same for boards with and without term limits.

However, boards with term limits were more likely to have a greater proportion of younger directors; directors under the age of 65 represented an average of 56% of all board members on boards with a term limit, compared to 44% on boards without term limits. This difference is likely because directors retiring from boards (with term limits) tend to be older. In fact, 90% of survey respondents indicated that recruiting older directors was a low priority.

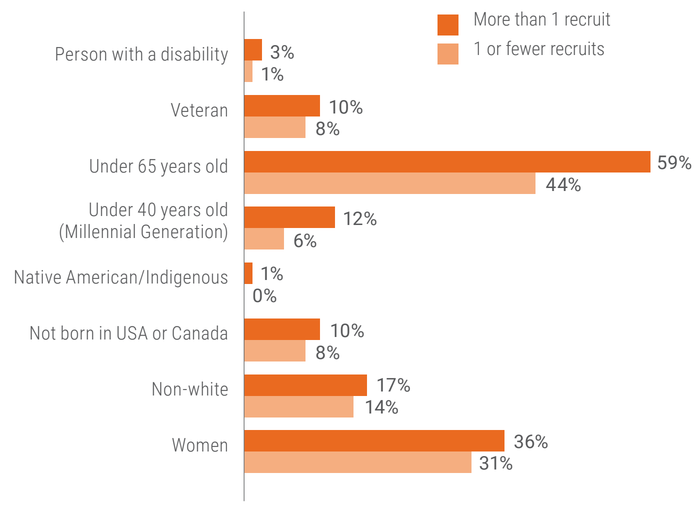
Otherwise, credit union boards with and without term limits do not differ in demographic composition. Credit unions with term limits also do not seem to have higher rates of renewal in the last three years, as compared to credit union boards without term limits.

We do note, as stated above, that term limits are only one mechanism to support board renewal. Other mechanisms include:

- A Skills Matrix
- An Associate Board Member Program
- An Emeritus Board Member Program
- Expansion of the Board Size
- Board and Peer-to-Peer Evaluations

Whether using term limits or one or more of the mechanisms above, more and more credit union boards are welcoming new directors. Most respondents (over 80%) reported that at least one director joined their board in the last three years, and over 90% expect one or more new directors to join in the next three years. Boards with higher rates of renewal (two or more new directors) in the last three years have higher representation among all eight diverse demographic groups we identified (Figure 6), as compared with boards that welcomed one or fewer directors. Two-thirds of respondents indicated their credit union recruited two or more voting board members in the last three years.

***Figure 6:** Credit unions with higher board renewal still struggle to facilitate diversity, but are more diverse in general (renewal over the last 3 years).*[17]



Increased recruitment offers an opportunity for greater diversity in the boardroom, and based on participant responses, rates of recruitment will continue at the same or higher levels in the next three years, as compared with the previous three years. Nonetheless, the number of directors from underrepresented demographic groups is still, overall, very low, even on boards with higher rates of renewal, suggesting that simply relying on more frequent renewal is not a sufficient approach to change the demographic composition of credit union boards. To improve demographic diversity, boards will need to intentionally shift their recruitment processes toward including underrepresented groups from their communities.

16 We did not define the term underrepresented in the survey, allowing participants to interpret this term, based on representation within their credit union's membership or within a larger community such as the United States or Canada.

17 Theses averages are generated from the survey responses. Survey respondents indicated the number of voting members on their credit union board as well as the number of those members that represent each of the eight groups in question.

RECOMMENDATIONS

As we begin to emerge from the pandemic and return to a "new normal," whatever that may be, we offer the following recommendations for your review and consideration, and we challenge you to have candid, open conversations toward the betterment of your credit unions, your members and your communities.

Crisis planning leads to a more effective response: Crisis plans can help credit union leaders feel more confident and prepared to handle crisis situations, providing a roadmap to assist in managing unexpected emergencies. Ensure that your crisis plan is as comprehensive, and specific, as possible. Review it annually and update it once the pandemic is in your rearview mirror. Consider other potential crisis situations that might arise and allow for some flexibility in the future so that if you need to be nimble once more, you can be.

Hybrid meetings may be holding your board back: Consider all that you've learned in this past year. When you can meet in person again safely, do so and celebrate! But you can also benefit from your ability to now hold some meetings virtually. Remember that the data indicates that board meetings should be held either entirely in-person or entirely virtual: hybrid meetings are less effective. But fully in-person meetings retain the added benefit of facilitating critical social aspects of effective leadership dynamics, more holistic relationships and increased interpersonal trust.

Board recruitment processes must strike an optimal balance between merit and demographic considerations: Remember that diversity includes both demographic diversity and merit considerations (expertise, skills, education), and you need them both. Credit unions that prioritize merit over demographic diversity risk under-representing the diversity of members and shutting out valuable voices and perspectives that need to be heard in the boardroom. Make sure your credit union's board recruitment measures are intentional about improving both merit and demographic diversity, to best represent and serve your members and communities.

Formal DEI policies drive DEI results: If you haven't done so yet, open up the discussion with your credit union board and do the work needed to commit to and adopt a formal DEI policy. But do so in more than name only. Commit to embracing diversity, equity and inclusion throughout the credit union—from the top down. A DEI policy is important. It can offer a structured way to intentionally improve diversity, equity and inclusion in your credit union's boardroom, throughout the c-suite, into its branches and right on into the teller lines. As the findings clearly showed—what makes DEI efforts successful are formal processes and policies such as DEI goals and education. In other words, if you want to achieve diversity, formal and thoughtful processes must be a part of the equation.

Appendix A: Methodology

CREDIT UNION ONLINE SURVEY DATA 2021

The Johnston Centre, in partnership with Quantum Governance, developed a confidential online survey delivered to Johnston Centre newsletter subscribers, CUES members and Quantum Governance constituents from January to February 2021. The full survey questionnaire is provided in Appendix B. Details on the survey participants are provided below.[18]

Survey Participants: Credit Union Country & Asset Size

Nearly all respondents (91%) were from the U.S., followed by 8% from Canada (Figure 1). The responses received were from boards of credit unions with diverse asset sizes. Approximately 25% of the participants represented credit unions with asset sizes of less than $500 million and 18% represented credit unions with asset sizes of at least $3 billion (Figure 2).

Figure 1: *Survey participants by country (n=181).*

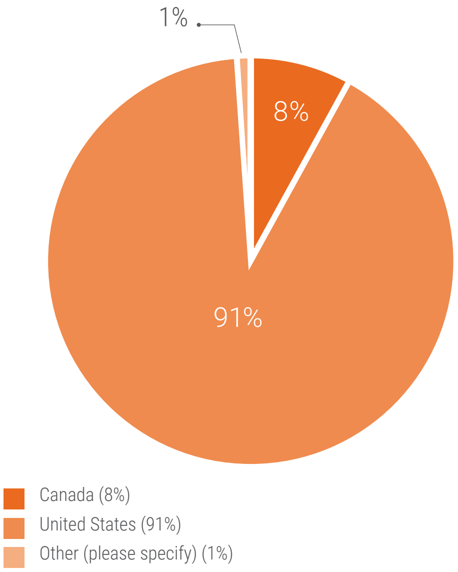
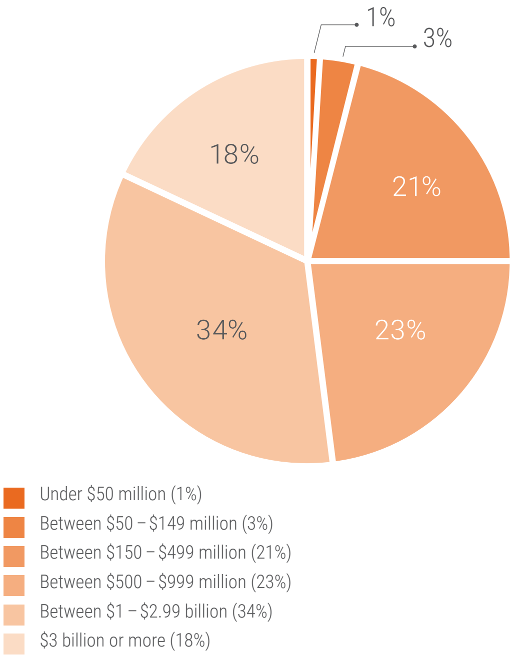


Figure 2: *Survey participants by credit union size (n=181).*



18 Please note that not all 182 survey respondents answered every survey question.

Survey Participants: Demographic Composition

Most survey participants (79%) were at least 51 years of age. Participants who were 66 years and above made up the largest proportion (44%) of respondents (Figure 3). Survey participants were mostly (61%) male (Figure 4), and 91% identified as white or Caucasian (Figure 5).

Figure 3: *Survey participants by age range (n=154).*

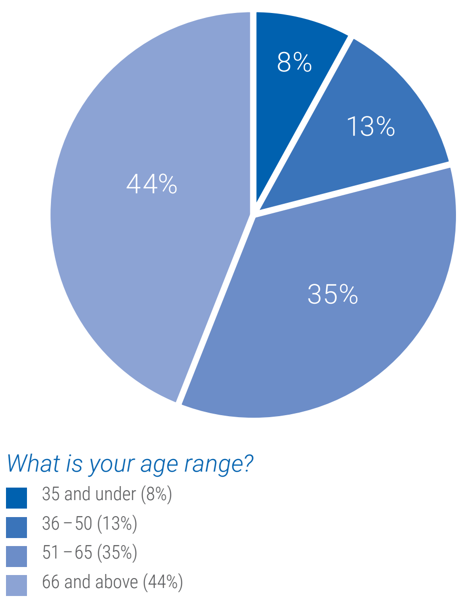


Figure 4: *Survey participants by gender (n=152).*

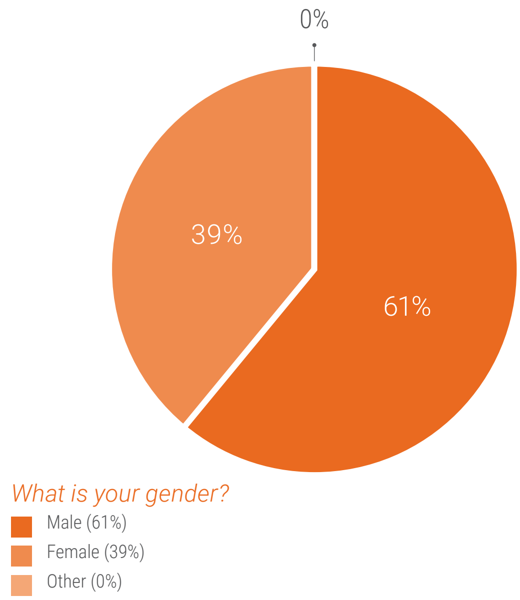
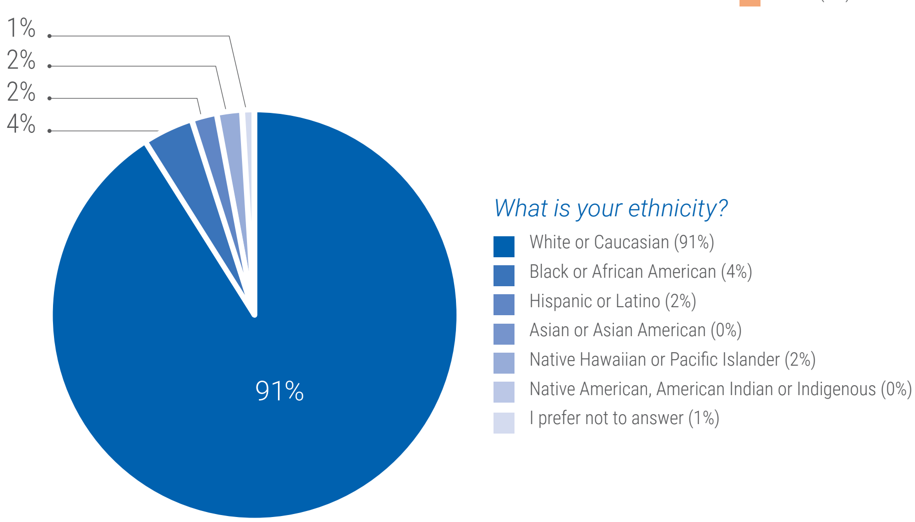


Figure 5: *Survey participants by ethnicity (n=153).*



Survey Participants: Roles

Many survey participants (73) identified as at least one of the roles specific to the board such as Board Member (37), Board Chair, (24) and Vice-Chair, Chair Elect or equivalent (12). Survey respondents who identified as CEOs made up the second largest proportion (34) among all specific roles (Figure 6).

Figure 6: *Survey participant roles (n=180).*

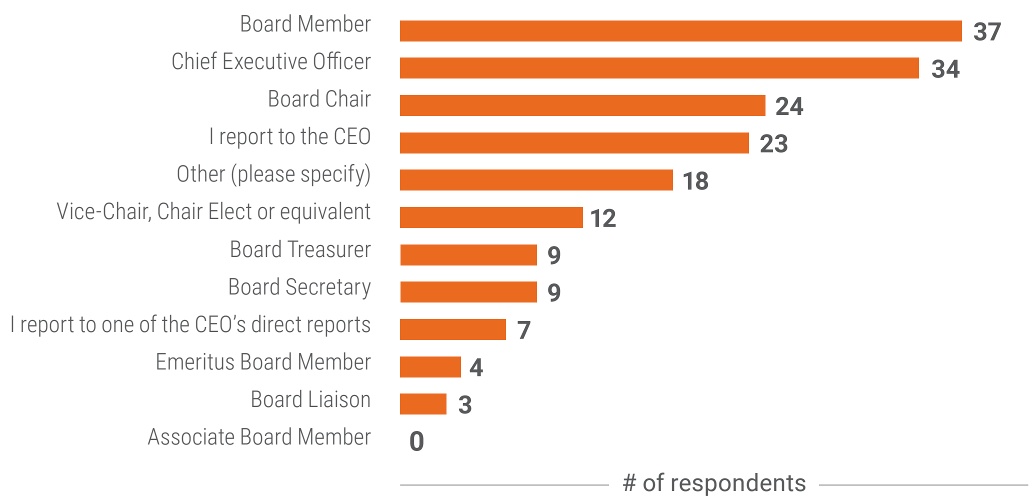


Table 1: *Other roles specified by survey participants (n=18).*

	Credit Union Role
3	Supervisory Committee
2	Manager
2	Supervisory Committee Chair
1	Employee
1	Employee in Compliance
1	Former Chair, Former Treasurer, Emeritus Member
1	Board Liaison and Report to CEO
1	Branch Employee
1	Internal Audit Manager
1	Learning and Development Staff
1	Member Experience Program Coordinator
1	Member Loyalty Manager
1	Personal Financial Representative
1	Retired

Survey Participants: Board Size and Demographics

The average size of surveyed boards was 9.3 governing members (Table 2). Survey participants reported having an average of 34% female directors on their boards. Directors under 65 years of age represent an average of 54% of the average board size. Furthermore, survey participants indicate that directors who are non-white represent an average of just over 16%.

Table 2: *Credit union average board size and representation numbers.*

	Average Number of Board Members
Board Size	9.3
Under 65 years old	5.0 (54%)
Women	3.2 (34%)
Non-white	1.5 (16%)
Under 40 years old (Millennial Generation)	0.9 (10%)
Not born in USA or Canada	0.9 (10%)
Veteran	0.8 (9%)
Person with a disability	0.2 (2%)
Native American/Indigenous	0.1 (1%)

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