

## DIRECTOR COMPENSATION AND EXPENSE POLICY

Governance and Nominations Committee

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<b>Purpose</b>	This Policy details how Directors on First West Credit Union's ("First West" or the "Credit Union") Board of Directors ("Board") are compensated for their contributions to the Credit Union.
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<b>Compensation philosophy</b>	<p>The Board bears ultimate fiduciary responsibility for the Credit Union and for protecting members' interests and financial assets. The Board shapes the Credit Union's strategic direction, establishes the Credit Union's overall risk appetite and ensures appropriate processes and controls are in place to identify, manage and monitor risk.</p> <p>To attract and retain the best Directors possible and pay them at a level that reflects the level of risk they accept, the professional expertise they offer and the level of contribution expected of them, compensation is set at a rate comparable with other large credit unions, regional financial institutions and publicly traded companies of similar size.</p>
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<b>Setting and reviewing compensation</b>	<p>As determined by a special resolution approved by the Credit Union's membership, the Board is authorized to set Director compensation.</p> <p>The Board is assisted in setting its compensation by an independent panel of members that is appointed from time to time (the "Member Advisory Committee on Compensation"), but not less than every two years or if there is a material change to the complexity of the current role profile. The Member Advisory Committee on Compensation makes recommendations to the Board to ensure Directors are appropriately compensated.</p>
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<b>Considerations in setting Director compensation</b>	<p>The following elements are considered in setting Director compensation:</p> <ul style="list-style-type: none"><li>• Directors' responsibilities and the professional nature of the work they are expected to perform</li><li>• Attracting and retaining qualified individuals</li><li>• Partial compensation for time and lost opportunity costs</li><li>• The different levels of time and responsibility associated with the Board Chair, Committee Chair and Director positions</li><li>• An element of volunteerism</li></ul>
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**Annual retainers**

Directors are paid an annual retainer that compensates them for the Board and Committee meetings they attend (regardless of number and format, whether in-person or by conference call), system meetings, community events, the Credit Union's annual general meeting, First West Foundation meetings (if applicable) and other duties related to their roles.

The following table lists the annual retainer paid for each eligible position:

Position	Annual Retainer	Notes
Board Chair	\$84,302	
Board Vice-Chair	\$47,885	
Director	\$42,151	
Audit and Risk Management Committee Chair	\$11,466	In addition to annual retainer
Risk Investment and Loan Committee Chair	\$11,466	
Governance and Nominations Committee Chair	\$5,734	
Human Resources Committee Chair	\$5,734	
Government Relations and Partnership Committee Chair	\$5,734	
Other Committee Chair/Task Force	\$5,734	

**Extraordinary service**

While they are paid an annual retainer for their contributions, individual Directors' workloads are expected to vary considerably depending on their level of involvement in the credit union system, Committee memberships, Board roles and other factors. Regardless of workload, the annual retainer is deemed sufficient in and of itself in all but the most unusual circumstances.

When warranted by truly exceptional situations, Directors may receive additional compensation for service designated in advance as "extraordinary" by the Governance and Nominations Committee. Examples of extraordinary activities include, but are not limited to, service on a CEO Search Committee or participation in a special investigation.

Extraordinary service will be compensated on a per diem basis at \$800 for meetings over four hours and \$400 for meetings under four hours.

**Compensation for members-at-large**

Members of the Credit Union who are not Directors may be compensated when serving as members-at-large on Board Committees. Examples of such Committees include the Nominations Task Force and the Member Advisory Committee on Director Compensation.

Service as a member-at-large will be compensated on a per diem basis at \$800 for meetings over four hours and \$400 for meetings under four hours. Members-at-large are not eligible for travel fees or benefits but may be reimbursed for mileage and expenses in the same way Directors are reimbursed for mileage and expenses.

**Travel fees** Directors are paid a set travel fee of \$500 for travel over four hours when they travel to and from Board and Committee meetings, or other Board duties as requested of the Director.

When Directors are required to travel extraordinary time or distances to carry out their duties (as determined at the discretion of the Board Chair or a relevant Committee Chair), the travel fee is doubled.

Travel fees are not paid for travel to and from community or First West social events.

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**Mileage and expenses** Directors and Committee members-at-large are reimbursed for mileage and reasonable expenses incurred in connection with carrying out First West business. Details about the amounts paid and eligibility for reimbursement are included in the Management Policy on Business and Travel Expense, which is available on the secure Board portal.

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**Benefits not paid** As non-employees of the Credit Union, Directors do not receive medical, dental or other benefits as part of their compensation. In addition, Directors are not eligible to receive staff accounts or other staff perquisites.

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**Travel guidelines** Directors should endeavour to travel in the most economical way. This includes, but is not limited to, travelling on the same day as a meeting, travelling in one day rather than two and choosing the lowest fare class if travelling by air.

The following groups should not travel on the same flight or in the same vehicle:

- The Board Chair and Board Vice-Chair
  - The Board Chair and the Credit Union's Chief Executive Officer
  - The Chair and Vice-Chair of a Committee
  - Groups of three or more Directors
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**Spouses accompanying directors** Directors' spouses are not required to attend First West meetings or events. If a Director chooses to have their spouse accompany them, all costs associated with such travel will be borne by the Director.

In some exceptional cases, the Board Chair may determine that it is in the Credit Union's best interests to have a Director's spouse accompany them on First West business. In these cases, and only with pre-approval, the spouse's travel costs and expenses will be reimbursed as described in this Policy. In cases involving the Board Chair, pre-approval must be provided by the Board Vice-Chair. All such determinations must be reported to the Corporate Secretary for audit purposes.

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**Payment of compensation**

To ensure compensation is properly paid, Directors must follow these steps:

1. Directors must track all mileage and expenses, retaining detailed receipts
  2. Each month, the Senior Executive Assistant to the Board will request by email that Directors submit a detailed account of the information they have collected using the provided expense and payroll form
  3. Retainers and travel fees (if applicable) will be paid monthly in arrears, less applicable deductions (income tax, Canada Pension Plan, etc.)
  4. Mileage and expense claims will be paid monthly
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**Disclosure of compensation**

Each Director's compensation, including retainers, travel fees, expenses and mileage, will be reported in the Credit Union's annual report, along with information on First West's Director compensation philosophy, processes and practices.

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**Related policies**

The following related policies may be referred to for more information:

- Management Policy on Business and Travel Expense
  - First West Foundation Support Policy
  - Director Orientation, Education and Development Policy
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### Schedule 1: Compensation eligibility by event

The following table outlines the type of compensation that may be claimed for each type of event attended by Directors:

	Annual Retainer <sup>1</sup>	Travel Fee	Mileage <sup>3</sup>	Expenses <sup>3</sup>
<b>Meetings</b>				
Board or Committee meeting	✓	Note 2	✓	✓
Annual general meeting	✓	Note 2	✓	✓
First West Foundation, Foundation committee	✓	Note 2	✓	✓
Community/First West social events	✓	✓	✓	✓
<b>Education and Development</b>				
Director orientation	✓	Note 2	✓	✓
Director assessment sessions	✓	Note 2	✓	✓
Mandatory education (CUDA Level A)	✓	Note 2	✓	✓
Discretionary education (CUDA, etc.)	✓	Director Education Allowance <sup>4</sup>		
<b>Conferences and Industry Events</b>				
Designated system events <ul style="list-style-type: none"> <li>- Central 1 conference and AGM</li> <li>- Peer group meetings</li> <li>- CCUA conference</li> <li>- WOCCU conference</li> </ul>	✓	Note 2	✓	✓
Other conferences/events - Board-requested	✓	Note 2	✓	✓
Other conferences/events - Director-requested	✓	Director Education Allowance <sup>4</sup>		

1. Annual amount paid in 12 equal instalments
2. Paid only for travel outside the Director's designated home region
3. As per management expense policy (available on secure board portal)
4. Each Director is allotted \$15,000 for their first three-year term and \$12,000 for each subsequent three-year term for discretionary education, including courses, conferences and industry events. See the Director Orientation, Education and Development Policy for more information.