

BOARD CHARTER

Purpose	<p>The Board of Directors (the “Board”) of First West Credit Union (“First West” or the “Credit Union”) is responsible for the stewardship of the Credit Union and overseeing the management of the Credit Union's business and affairs. The Board may discharge its responsibilities by delegating certain duties to committees of the Board (each a “Committee”) and to management. The specific duties delegated to each Committee are outlined in the charters for those committees.</p>
Appointment and composition	<p>The Board consists of a minimum of 12 Directors elected by the membership, and from time-to-time may increase to 15 Directors for the sole purpose of accommodating a business acquisition of another credit union.</p>
Meetings	<p>The Board will meet not less than quarterly and will also meet to review and approve the following year’s budget. Meeting procedures and notice of meetings are, and Director attendance and participation in meetings is, as set out in the Credit Union’s Rules.</p>
Quorum	<p>Quorum is a majority of the Board members.</p>
Accountability	<p>The Board is accountable to the members of the Credit Union. In performing its functions, the Board considers the interest of members, employees, other stakeholders and the public.</p>
Reliance on management and advisors	<p>In carrying out its responsibilities, the Board:</p> <ul style="list-style-type: none">a) relies on management to provide it with accurate and fulsome informationb) is entitled to rely on expert advisors
Resources	<p>The Chief Executive Officer (“CEO”), Board Committees, external auditor, internal auditor and statutory bodies are resources to the Board.</p> <p>In addition, the Board may hire outside advisors at First West’s expense.</p>

**Duties and responsibilities
– human resources**

The Board has responsibility to:

- a) appoint and replace the CEO, as appropriate, and monitor and evaluate the CEO's performance
- b) after considering the advice of the Human Resources Committee, approve the CEO's compensation
- c) review and, where appropriate, approve the appointments of key members of senior management and oversight functions
- d) review and approve the compensation philosophy and guidelines for the CEO and the senior executive team with due consideration for the Credit Union's risk appetite and strategic plan
- e) oversee succession planning and ensure there:
 - i. is a process that would respond to an emergency, which required an immediate replacement of the CEO
 - ii. are criteria and processes for recognition, promotion, development and appointment of management consistent with the future leadership requirements of First West
- f) provide advice and counsel to the CEO in the execution of the CEO's duties

**Duties and responsibilities
– strategy**

Management formulates the Credit Union's strategic direction and business plans and the Board assesses and ultimately approves them. The Board has responsibility to:

- a) review and approve the strategic planning process
- b) participate in the development of, and approve, First West's strategic plan, including the:
 - i. vision
 - ii. values
 - iii. strategic objectives
 - iv. strategic initiatives to achieve those objectives
 - v. key performance targets
- c) monitor and assess developments which may affect First West's strategic plan and make changes to the strategic plan as required
- d) monitor corporate performance against the Credit Union's objectives and goals and act when performance falls short of the agreed-upon goals or special circumstances warrant such action

Duties and responsibilities – risk management

The Board has responsibility to:

- a) upon the recommendation of the Risk, Investment and Loan Committee, approve updates to the Credit Union’s Enterprise Risk Management Governing Policy and the Risk Appetite Framework
- b) review First West’s risk profile and performance against approved Risk Appetite Statement
- c) ensure appropriate processes are in place to identify emerging and emerged material risks related the Credit Union’s business.
- d) review and assess regular reports on the management of material risks to which First West is exposed, including trends of current and emerging risks
- e) oversee the promotion of a strong risk culture throughout First West.

Duties and responsibilities – financial information and systems and internal controls

Governing legislation contains extensive provisions relating to the financial management of the Credit Union and financial reporting.

The Board has responsibility to:

- a) verify through the Audit and Conduct Review Committee that management has established and is applying appropriate audit, accounting and financial reporting principles
- b) verify through the Audit and Conduct Review Committee that internal financial, business control and information systems are in place and functioning satisfactorily
- c) review and approve the annual audited financial statements as recommended by the Audit and Conduct Review Committee
- d) recommend to the members the appointment of the external auditors
- e) upon the recommendation of the Audit and Conduct Review Committee, approve the external auditor engagement letter and remuneration
- f) upon the recommendation of the Risk, Investment and Loan Committee, approve updates to the Internal Capital Adequacy Assessment Process (ICAAP) document

**Duties and responsibilities
– material commitments**

The Board has responsibility to:

- a) review and approve material acquisitions or divestitures
 - b) review and approve financial or other commitments that may materially affect First West
 - c) ensure material suppliers are given proper management oversight
 - d) approve the commencement or settlement of litigation that may have a material impact on First West
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**Duties and responsibilities
– code of conduct**

The Board has responsibility to:

- a) establish, and update from time to time as required, a code of conduct for Directors, including procedures for identifying potential conflicts of interest and resolving such conflicts
 - b) direct management to ensure that First West operates at all times within the code of conduct and within applicable laws, and to the highest ethical and moral standards
 - c) approve and monitor through management, compliance with all significant policies that govern First West's operations
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**Duties and responsibilities
– monitoring and reporting**

The Board has responsibility to:

- a) direct management to develop, implement and maintain a reporting system that accurately measures First West's financial and operational performance against the performance expectations set out in its strategic and business plans and, where relevant, against external data
 - b) monitor First West's financial and operational results
 - c) review and, where necessary, approve material portions of the Credit Union's annual report
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Duties and responsibilities – communications

The Board has responsibility to:

- a) ensure First West has a plan in place to communicate effectively with members, employees, stakeholders and the public
- b) ensure financial results are reported fairly and in accordance with generally accepted accounting principles
- c) report annually on the Board’s stewardship for the preceding fiscal year by placing before the members its annual report, audited financial statements, and other information as required by the *Credit Union Incorporation Act* and the Rules of the Credit Union

The CEO is the primary spokesperson for First West and the Board Chair is the primary spokesperson for the Board.

Members and other persons interested in First West may communicate their concerns and questions to the Board. In such cases the Board will direct such persons to the appropriate office within the Credit Union and, when appropriate, advise the CEO’s office.

Duties and responsibilities – shares

The Board has responsibility to:

- a) approve the purchase, redemption, or otherwise acquire shares issued by the Credit Union
- b) declare and authorize dividends on each class of shares issued by the Credit Union
- c) develop and, if required, make subsequent changes to the First West equity share disclosure statement
- d) The Board may delegate to management responsibility for approving the redemption of equity shares issued by First West, provided management ensures such approvals are made with regard for requirements contained in the *Credit Union Incorporation Act* and with regard to any requirements detailed in the rights and restrictions of each class of equity share that limit the number of equity shares that may be redeemed in any calendar year.

The Board may further delegate to management responsibility for accepting and processing equity share transfer applications made in accordance with the Credit Union’s Rules, applicable legislation and Credit Union policies in effect from time to time. Notwithstanding the foregoing, management may refer any transfer application to the Board for approval if it deems necessary.

Duties and responsibilities – Board effectiveness

The Board retains responsibility for managing its own affairs including responsibility to:

- a) establish and update as required governance practices and procedures to ensure effective Board functioning, including regular review of governance documents
- b) select the Board Chair, Vice-Chair, Committee Chairs¹ and Committee members
- c) operate independently from management and, when necessary, take the requisite steps as are needed to operate independently from management
- d) regularly assess the skills, competencies and attributes of Directors, approve director recruitment profiles and provide necessary information to the Governance and Nominations Committee
- e) provide advice to the Nominations Task Force on the performance of any director who is eligible for re-appointment and seeking a further term
- f) provide comprehensive orientation and professional development for directors
- g) ensure annual review and sign-off by directors of the Code of Conduct
- h) recommend new or revised Rules to the membership
- i) examine the effectiveness of the Board, Committees, Board Chair, Committee Chairs and Directors through an annual evaluation process
- j) ensure all Committees of the Board annually review their charters and work plans and approve recommended amendments to same
- k) request and obtain appropriate certification from management which certifies that First West is in compliance with applicable legislation and regulations.

Subsidiaries

For subsidiaries, the Board has responsibility to:

- a) approve their creation and establish their purpose
- b) review their strategic plans and annual operating and capital budgets (as part of First West’s consolidated plans and budgets)
- c) review their compliance with applicable legislation and any regulatory requirements including receiving certification from management that subsidiaries are in compliance with the law
- d) monitor their financial and operational performance as part of their review of First West’s performance

Management will serve as directors of all subsidiary boards.

¹ The *Financial Institutions Act* requires that the Audit Committee members elect their own Chair. The Board has determined that the Vice-Chair of the Board shall be the Chair of the Governance and Nominations Committee.

Review Cycle The Board will review its Charter on an annual basis

BOARD WORKPLAN

	Frequency	Q4	Q1	Q2	Q3
Strategic planning/reporting					
Education/discussion on strategic issues	Annual	√	√	√	√
Strategic planning session and approval of strategic plan	Annual				√
Approval of business plan	Annual				√
Approvals not related to strategic planning					
Operating budget and capital plan	Annual				√
Entering into or withdrawing from lines of business	as needed				
Material divestitures/acquisitions	as needed				
Audited financial statements	Annual		√		
External auditor engagement	Annual		√		
External auditor engagement letter and remuneration	Annual				√
Financing	as needed				
Material financial commitments outside of approved budget	as needed				
Reviews					
Risk review	Annual	√			
Expense reporting: Review individual director’s expenses	Annual	√			
Internal audit performance and systems	as needed				
Financial/Operating Reports					
CEO’s report on performance	Annual	√	√	√	√
Human Resources					
Evaluate CEO performance	Annual	√			
Approve CEO compensation	Annual	√			
Approve CEO objectives	Annual	√			
Review CEO and First West Leadership Team succession plan	Annual			√	

	Frequency	Q4	Q1	Q2	Q3
Governance and Nominations					
Elect Board Chair, Vice Chair	Annual		√		
Appoint, elect committee chairs/ members	Annual		√		
Review and set Board calendar	Annual			√	
Board/director evaluation <ul style="list-style-type: none">Initiate process	Annual	√	√		
<ul style="list-style-type: none">Report to Board	Annual				√
Democratic process <ul style="list-style-type: none">Review and approve director recruitment profile	Annual				√
<ul style="list-style-type: none">Identify director candidates	as required				
Governance framework <ul style="list-style-type: none">Review proposed changes and update	Annual	√			
Code of Conduct <ul style="list-style-type: none">Directors’ declaration	Annual			√	
Compliance/Legal					
Approve Annual General Meeting (“AGM”) date and location(s)	Annual			√	
Annual compliance review	Annual			√	
AGM	Annual		√		
Publish annual report	Annual		√		
Report other material developments	as required				
Approve commencing/settling litigation	as required				
Subsidiaries					
Approve strategic plans	Annual				√
Review compliance certification from management	Annual			√	