

Board Structure

1 Purpose

Pursuant to the Financial Institutions Act, “directors must manage or supervise the management of the affairs of the business.”

In carrying out its responsibilities, the Board of Directors (the “Board”) of First West Credit Union (“First West” or the “Credit Union”) delegates to management responsibility for day-to-day operations of First West and retains certain powers to itself. Board members serve part time and the Board’s role is one of governance and oversight. The Board’s specific responsibilities are set out in the Board Charter.

2 Board Composition

The Board is composed of 12 Directors elected in accordance with First West’s Rules. This number may be temporarily increased by up to three Directors for no more than three years to accommodate a business acquisition or merger.

The Board maintains a framework for assessing desired competencies, expertise, skills, background and personal qualities it seeks in potential candidates. Annually, based on this analysis, the Governance and Nominations Committee establishes a skills, competencies and attributes matrix and Director recruitment profile that outlines the skills and experience required in upcoming Director appointments. Once approved by the Board, the Director recruitment profile is provided to the Nominations Task Force which uses it to identify individuals it determines are qualified to serve on the Board

The process for identifying the needs of the Board and sharing this information with the Governance and Nominations Committee is set out in the Board Effectiveness and Renewal Policy.

3 Directors’ Terms

Unless indicated otherwise under First West’s Rules, or unless it has been determined through a Board resolution, Directors are elected to three-year terms, with one-third of Directors elected each year. Directors may be re-elected, and there is no maximum term of service.

4 Independence

All Directors should be independent of First West; that is, independent of management and free from any relationship that might interfere with the exercise of their independent judgment as a Director.

5 Board Chair

The Board annually elects a Board Chair from among its members. The responsibilities of the Board Chair are set out in the Board Chair Position Description.

6 Vice-Chair

The Board annually elects a Vice-Chair from among its members. The responsibilities of the Vice-Chair are set out in the Vice-Chair Position Description.

The Vice-Chair acts as the Board Chair when the Board Chair is absent or unable to fulfill the Board Chair's responsibilities¹. There is no assumption that the Vice-Chair will graduate to the role of Board Chair.

7 Board Chair, and Vice-Chair Elections

To assist Directors with electing the Board Chair and Vice-Chair, before the Annual General Meeting the Corporate Secretary shall issue a request for expressions of interest from the current Board to identify those Directors who are interested in running for election as Board Chair and/or Vice-Chair.

All nominations must be received by the Corporate Secretary not less than five days before the scheduled elections. All nominations must confirm the nominee's willingness to stand for election.

If there is more than one nominee per position, an election shall be conducted by secret ballot at the reorganization meeting on the specified election date. The Corporate Secretary or their designate shall manage the election on behalf of the Board. Once ballots have been counted and a successful candidate has been elected, all ballots shall be destroyed. Proxy votes are not allowed.

¹ Rule 5.46

In the event there is only one nominee for a position, that individual shall be elected to the vacant position by acclamation.

In the event there is an election, the nominee must be elected by a simple majority of votes (50% plus 1).

8 Board Committees

The Board has established the following standing Committees:

- Audit and Conduct Review
- Governance and Nominations
- Government Relations and Partnership
- Risk, Investment and Loan
- Human Resources

The Board has established a Charter for each Committee that sets out the powers and duties of the Committee, the rules of procedure and accountability.

The Board may establish other committees or task forces as required to assist the Board in meeting its responsibilities.

9 Committee Chairs and Membership

The Board Chair annually recommends the membership of each Committee². In preparing recommendations, the Board Chair may consult with the Governance and Nominations Committee Chair and will consider each director's preferences, skills and experience.

For the Risk, Investment and Loan Committee, the Board elects the Committee members and Committee Chair.

For the Audit and Risk Management Committee, the Board elects the Committee members, and the Committee members elect the Committee Chair.

For the Governance and Nominations Committee, the Board elects the Committee members. The Board Vice-Chair will be a member of the Committee.

² The Financial Institutions Act requires that the Audit Committee members elect their own chair.

The Human Resources Committee Chair and members and the Governance and Nominations Committee Chair and members are appointed by the Board.

The Government Relations and Partnership Committee members are appointed by the Board and elect their own Chair and Vice-Chair.

Committee members are appointed or elected, as appropriate, at the first Board meeting after the Annual General Meeting or as needed to fill vacancies during the year.

Committee Chairs and members are appointed for a one-year terms and may be re-appointed. The Board favours periodic rotation in Committee leadership and membership in a way that recognizes and balances the needs for new ideas, continuity and maintenance of functional expertise.

10 Task Forces

Task forces are committees of the Board but differ from other Committees in that each task force is established for a specific period to undertake a specific task and then disbanded.

Each task force operates according to a Board-approved Charter outlining its duties and responsibilities.

11 Compensation

Compensation for the Board is set by the Directors upon considering the recommendation of an independent panel of members.

The independent panel of members is appointed from time to time, but not less than every three years to review Director compensation to ensure Directors are appropriately compensated for their contributions. The independent panel of members makes recommendations to the Board. All compensation paid to the Board, including honoraria and expenses, is disclosed to the members as part of the Annual Report.

The Board sets guidelines for the reimbursement of expenses for Directors.

Current Director compensation rates and expense reimbursement guidelines are detailed in the Director Compensation and Expense Policy.

12 Board Relations with Management

Board policies and guidelines are issued, in part, to clarify roles and responsibilities between the Board and management. Directors may direct questions or concerns on management performance to the Board Chair, to the CEO or through Board and Committee meetings.

Directors must respect the organizational structure of management. A Director has no authority to direct any staff member, with the exception of the Corporate Secretary, who reports to the Chair of the Board.

13 Board Spending Authority

Individual Directors have no authority to make financial commitments for First West other than expenditures made pursuant to Board-approved policies.

14 Outside Advisors for Directors

Occasionally, a Director may need the services of an advisor to assist with matters involving their responsibilities as a Director. A Director who wishes to engage an outside advisor at the expense of First West must first obtain the authorization of the Board Chair.

15 Subsidiaries

The Board may cause First West to establish or acquire subsidiaries, to carry out First West's purpose and responsibilities. With respect to subsidiaries:

- the Board approves each subsidiary's purpose
- management manages all subsidiaries and reports to the Board on subsidiary operations and finances
- each subsidiary Board is composed of members of management as determined by the CEO
- the Audit and Conduct Review Committee provides audit oversight
- the Risk, Investment and Loan Committee provides risk oversight

16 Review Cycle

These provisions regarding the structure of the Board are reviewed and approved not less than every two years by the Board through the Governance and Nominations Committee.