



2021
Governance Report



PROSPERA
CREDIT UNION

Message from Prospera's Board of Directors



Succeeding the approval of the organization's first strategic plan in December 2020, the board started 2021 by overseeing the roll-out of the four-year strategic plan (Catalyst) to the organization. The roll-out of Catalyst brought a shared focus and energy to the organization and provided the vision to serve as the foundation for Prospera's continued success. With the launch of Catalyst management shifted its focus to the development of the organization's values which would serve as the key elements to creating the culture necessary to deliver on the organization's strategic initiatives. The board played a key role in overseeing the creation of the values, their connection to Catalyst and modeling the values as they were launched to the rest of the organization.

In the first quarter of 2021 the board launched a director's election following a comprehensive director nominations process facilitated by a governance consultant in the Fall of 2020. At the conclusion of the election, Jill Donaldson, and incumbents Stacey Crawford and Colin MacKinnon, were elected to the board. The results of the director's election were announced at the 2021 Annual General Meeting (AGM) which was held virtually due to the ongoing pandemic.

Reflective of the board's ongoing commitment to governance best practices and continuous improvement, the Governance and Conduct Review Committee (the committee) launched the board and director evaluation process in the first quarter of 2021. The board-approved governance policy requires the board to evaluate its performance on an annual basis, to be facilitated by a consultant every two years. As this was the board's first evaluation, the committee engaged a governance consultant to facilitate a comprehensive evaluation process to serve as the benchmark for all future evaluations. The findings of the evaluation process serve to inform future board education, recruitment, and succession planning. Included in the scope of the evaluation process was the development of individual director accountability plans to support optimal director performance and enhance board expectations to foster a dynamic that supports a high performing effective team and governance structure – all of which align with our organizational values. The evaluation resulted in various

recommendations which will serve to further strengthen the performance and dynamic of the board. These recommendations now form part of the board's ongoing workplan.

It was a busy first quarter as the committee also initiated a comprehensive review of the credit union rules with the objective of ensuring a set of rules that are innovative, align with the strategic direction of the organization and enhance the foundation for sound governance practices. Throughout the review process the committee and board focused on the democratic process, inclusion, compliance and best practices, which included incorporating feedback received from the governance consultant during the board and director evaluation process. The review was extensive and spanned over several months. The board is now in the final stages of review collaborating with the BC Financial Services Authority for consent and anticipates bringing the rules forward to members in 2023.

With Catalyst in place and a board and director evaluation underway, the board began work on developing board objectives to align with Catalyst. The board took a holistic approach to developing its objectives through various brainstorming sessions, which included consideration of the organizations' strategic imperatives, Prospera's success metrics, the findings of the board and director evaluation process, and ensuring member value. The board approved its objectives in the Fall of 2021.

Throughout 2021, the board continued to oversee key integration objectives. Additionally, together with management, the Board worked to refine the organization's Enterprise Risk Management (ERM) framework and Risk Appetite Statement to act as the foundation by which the board will oversee and monitor the credit union's risk profile. The framework provides a mechanism for the organization to identify, measure and mitigate its risks. Additionally, during the fourth quarter of 2021 the board continued to evolve its governance and oversight accountabilities through the review and harmonization of key credit union policies to ensure alignment to the credit union's Risk Appetite Statement and ERM framework.

Pursuant to its governance policies and practices, the board holds an annual governance session to conduct a fulsome review of its governance practices and plan its governance initiatives for the year. In 2021 the board held two governance sessions to accommodate its workplan for the year, which included succession planning, formulating its board objectives, review of board competencies in consideration of the board and director evaluation results, board committee composition planning, and a review of its board committee structure. At its Fall governance session, the board delivered on one of its key objectives for the year and approved a new committee structure that better supports the organizations strategic direction and positions the board to provide effective oversight of Catalyst. The new board committee structure will be implemented at the start of the board's annual governance cycle which commences on May 1, 2022 and initiates the Q2 board meeting cycle.

The board recognizes the importance of corporate sustainability. Driven by our desire to create vibrant, healthy communities, Prospera is committed to continuing its work that supports strong environmental, social, and governance (ESG) practices. As such, as part of its governance sessions in 2021, the board engaged various guest speakers to provide workshops and presentations in the area of ESG. In 2022, the organization will take a more deliberate and holistic approach to ESG, including advancing our communication of ESG initiatives.

As the board moved through 2021 providing oversight and leadership, it did so in an ongoing pandemic environment. As management continued to mitigate the risks associated with the pandemic, the board provided its oversight enabling management to make strategic decisions that provided the financial stability needed to sustain the risk and uncertainty caused by the pandemic.

With the pandemic ongoing the board consistently maintained its focus and its rigorous oversight delivering on numerous objectives and providing leadership throughout the year. The board and management worked in partnership to ensure the success of numerous initiatives and continue to drive the organization forward in delivering on Catalyst. The board closed 2021 with the approval of the Annual Operating Plan for 2022.

The success of 2021 could not be achieved without the dedication and performance of each board member. The board attained an attendance rate of 97% for all board and committee meetings throughout the year, inclusive of the additional board and committee meetings added to support its governance and strategic initiatives.

Moving forward, the board will continue to focus its activities on achieving our strategic priorities while ensuring that the credit union remains financially sound and well positioned so that together we can help build vibrant healthy communities, thriving local enterprises, and financially empowered people.

On behalf of the Board of Directors,



Art Van Pelt, *Chair*

April 2022

Governance principles



The board has adopted the Governance Guideline, issued in September 2013 by the BC Financial Services Authority (BCFSA), as a primary assessment tool of its governance practices. The Governance Guideline sets out BCFSA's expectations of all British Columbia credit unions to practice sound governance and aims to assist the board with the exercise of its oversight function to ensure the sustainability of our credit union and to protect the interests of credit union members. It also sets out the principles and standards of sound governance practices to assist the board in the exercise of their duties and obligations. Principles form the foundation for good governance and standards are the specific policies and procedures that are in place to achieve the objective of each principle. The principles of each area of governance as set out in the Governance Guideline, to which our board measures itself, are set out below.

Risk appetite

By approving a written risk appetite, the board ensures that the credit union only takes on risks that are within its capabilities to manage. The credit union's risk appetite outlines the amount and type of risk a credit union is willing to accept in order to pursue its strategic planning and in managing the ongoing operations of a credit union and drives the credit union's culture by embedding itself in functions and business activities at all levels.

Strategy, planning and performance

The board sets and approves the credit union's strategic plan and monitors the organization's performance against this plan. The approval process involves a thorough discussion of the advantages and disadvantages of possible strategic directions and includes challenging assumptions and identifying risks for each option. The strategic plan is connected to a credit union's risk appetite and sets out goals, objectives, timelines, and performance indicators that are clear and specific enough to allow for effective monitoring and reporting of the credit union performance to members and stakeholders.

Risk governance framework

The board's role is not to minimize risk, but rather to fully understand the credit union's risk exposure and to ensure the processes and systems that are in place to

control risk are appropriate given the credit union's strategic plan and operating environment.

A risk governance framework is the set of tools, policies, and processes that a credit union has in place to identify, measure, manage and guide the amount of risk the credit union is willing to accept in the pursuit of its strategic objectives. The board's role is to ensure a credit union's risk governance framework is:

- Comprehensive
- Adequately resourced
- Forward looking
- Informative
- Strategic
- Responsive
- Effective
- Monitored and communicated

Assembling an effective team

A credit union's success is determined by its talent and culture. Talent is a function of education, skill and experience, and culture is a function of values and behaviours. Talent and culture at the board, management and employee levels reinforce each other to develop a strong credit union.

Accountability and disclosure

Credit unions are unique among financial institutions due to the cooperative principles that underpin their formation and inform their decision making. Among these principles, democratic values, member accountability, and community engagement are balanced with economic priorities to ensure a strong sustainable credit union. A credit union's democratic control structure can either create or reduce risk depending on the degree to which the members take an active interest in the safety, stability and sustainability of the credit union as owners.

Disciplined practices, enhanced disclosure and measuring our activities against industry guidelines all help to strengthen our position at the forefront of credit union governance practices in Canada.

The board confirms that the credit union is aligned with the principles and standards of sound governance practices in accordance with BCFSA's Governance Guideline.

Governance standards



Ethics and principles

We recognize the importance of adhering to top quality corporate governance standards and have developed corporate governance policies and procedures, which are monitored and reviewed by management and the board on a regular basis. We have adopted a best-practice approach to our corporate governance initiatives.

The board believes that strong corporate governance is essential to delivering value for members and it takes direct responsibility for monitoring the development of and compliance with corporate governance standards. In fulfilling its responsibilities, the board annually reports to its member owners on governance practices and adherence to governance standards.

Board of directors

The board is expected to act in a manner that protects and enhances the value of the credit union in the interest of all members. Each director is responsible for exercising independent judgment with honesty and integrity, while adhering to policies and procedures, and statutory and regulatory requirements.

The board is responsible for overseeing the management of Prospera. While retaining oversight responsibility, the board delegates responsibility for the management of the credit union to the Chief Executive Office (CEO).

Composition of the board

Pursuant to the credit union Rules, the board has nine directors.

Directors are elected by the members or by acclamation, with results announced at the Annual General Meeting. Directors are elected for three-year terms. For the purposes of continuity, the term of office of three directors expires each year.

Independence of the board

All directors are unrelated and independent. In support of director independence, the board holds in-camera sessions without management present during every regularly scheduled board and committee meeting.

Responsibilities of the board

The principal responsibilities of the board are described in its terms of reference and include reviewing and approving the vision, purpose and strategic plan, the annual operating plan and budgets, the financial statements and regulatory filings of the credit union. The board also monitors the performance of the CEO, the credit union's progress toward achieving its strategic initiatives, business risks and compliance to policy and legislation. The board is also responsible for managing its own affairs, such as electing its chair, appointing/electing its committees and their chairs, evaluating its performance, and establishing board and committee processes.

Responsibilities of the chair of the board

The chair provides strong leadership to the board to ensure the board carries out its responsibilities effectively and fulfills its fiduciary obligations to Prospera, its members and all stakeholders, under the law. The chair performs key duties as described in the chair's terms of reference, including setting the board agenda, working productively with the CEO, and leading the board in reviewing and monitoring the progress of the strategic plan and the achievement of its objectives. The chair is responsible for setting the tone at the board table and establishing a culture of active and constructive board engagement and teamwork.

Review of the board

Under the direction of the chair of the board and the chair of the Governance and Conduct Review committee, the board annually conducts an evaluation of

the performance of the board, its committees, and chairs. The evaluation also includes individual director evaluation every two years.

The board and each board committee reviews the evaluation summary report and as appropriate, implements changes in accordance with the report recommendations.

The board sets annual objectives for itself and monitors its performance.

Governing legislation and regulation

The credit union is established pursuant to the *Credit Union Incorporation Act* (CUIA) of British Columbia. It is regulated by the BCFSa. Key legislation includes the CUIA, the *Financial Institutions Act* and the *Business Corporations Act*. It is a requirement of legislation that the credit union provides monthly, quarterly and annual reports and filings, and such other reports to the BCFSa as may be requested.

Subsidiaries

We have seven wholly owned subsidiary companies. The board of the credit union authorizes the establishment of subsidiaries and appoints the directors of each subsidiary. Currently directors of each subsidiary are management and therefore not independent. The board of directors of each subsidiary is accountable and provides regular reporting to the board of the credit union.

413297 B.C. Ltd.

Mercado Capital Corporation (MCC) (*Mercado Financing Ltd., is a wholly owned subsidiary of MCC*)

Prospera Holdings Ltd.

Prospera Insurance Agencies Ltd.

Prospera Technologies Inc.

WS Leasing Ltd.

Westminster Savings Financial Planning Ltd.

Supporting our business members

We've been with Prospera for 29 years! There have been some tough times through COVID and Prospera has always been there for us, backing us up!

Peter Hoffmann
Owner, Sports Junkies



Board committees

The board has standing committees that are responsible for carrying out both legislated and delegated functions. All board committees comprise directors only and all directors are independent. The committees meet regularly throughout the year and are required to provide timely and regular reports to the board. Each committee is also required to provide an annual report confirming that it has fulfilled all its duties and responsibilities.

The board delegates certain governance responsibilities to the following five standing committees:

- Audit Committee
- Governance and Conduct Review Committee
- Nominations Committee
- People Experience Committee
- Risk, Investment and Loan Committee

In addition, the board established the Integration Committee to oversee the integration process of the newly amalgamated Prospera. The Integration Committee's term began on the effective date of amalgamation, January 1, 2020, and will end on the successful integration of the two legacy organizations as determined by the board.

In the Fall of 2021, the board approved a new committee structure that better supports the organizations strategic direction and positions the board to provide effective oversight of the strategic plan. The new board committee structure will be implemented in May 2022.

All committees comprise four directors, except for the Nominations Committee whose membership consists of the six directors whose terms of office are not expiring at the close of the next Annual General Meeting.

Audit Committee

The Audit Committee has oversight responsibility for financial reporting, internal and external audit processes, internal controls, and management information systems. It's responsible for reviewing internal and external audit procedures,

and reports arising from audits and examinations. The committee meets directly with both the internal auditor and the external auditors, with and without management present. The Audit Committee provides a report to members at the Annual General Meeting.

Governance and Conduct Review Committee

The Governance and Conduct Review Committee has oversight responsibility for board governance, including the annual board evaluation process, director compensation and governance practices. In addition, the Governance and Conduct Review Committee is responsible for periodic reviews and recommendations regarding the credit union Rules and also has responsibility for monitoring compliance with the credit union's policies with respect to conflicts of interest, related parties and confidentiality, plus other duties as may be prescribed by statute.

Integration Committee

The Integration Committee has oversight responsibility for the integration process of the two legacy organizations, including delivering on the commitments made during the merger process, overseeing the integrated planning process framework, and addressing challenges and opportunities arising from the amalgamation and the integration process. The Integration Committee also maintains financial oversight of integration costs and synergies ensuring integration spend is managed in accordance with the board approved annual operating plan. As the board has determined that integration is largely completed, the Integration Committee has met its mandate and is scheduled to be phased out after the 2022 Annual General Meeting.

Nominations Committee

The Nominations Committee has oversight responsibility for the nomination and election of directors ensuring rigorous and transparent procedures in accordance with the credit union Rules and applicable legislation. It's responsible for maintaining the integrity of the nomination and election process and acts independently from the board. The committee reviews all nominees,

having regard for the competencies and skills required of the board and all other requirements for nomination, confirms the eligibility and qualifications of the nominees, determines a process and methodology for interviewing the nominees and submits to the membership a list of all qualified candidates. The Nominations Committee also may recommend candidates. The committee provides a report to members at the Annual General Meeting.

People Experience Committee

The People Experience Committee has oversight responsibility for the compensation philosophy, policies, and programs ensuring that they support the credit union's business strategy. It also assesses the performance of the CEO and determines the CEO's compensation. The People Experience Committee's role includes oversight of the employee pension plans, CEO succession planning, and monitoring the maintenance of an effective management succession plan for the organization. Duties include appointments of the plans' trustee, actuary, and investment manager. The People Experience Committee also oversees the Pension Committee's (internal management committee)

administration of the employee pension plans and is accountable for the approval of the Prospera Employee Pension Plan's audited financial statements. The role of the People Experience Committee also includes monitoring culture, change management, and people experience, which includes employee engagement, employee relations and inclusion strategies.

Risk, Investment and Loan Committee

The Risk, Investment and Loan Committee has oversight responsibility for lending and investment activities in accordance with the credit union's lending and investment policies. This includes reviewing and recommending to the board changes to these policies, monitoring performance against the policies, approving loans that exceed management limits, authorizing write-offs and other duties as may be prescribed by statute. The Risk, Investment and Loan Committee also has oversight of Prospera's Enterprise Risk Management (ERM) framework and is responsible for monitoring compliance with the risk framework and policy and the credit union's risk profile, ensuring strategic opportunities are optimized.

Committee composition for 2021

January 1 - April 21

Audit	Risk, Investment and Loan	People Experience	Governance and Conduct Review	Nominations	Integration
Rita Virk, <i>Chair</i>	Colin MacKinnon, <i>Chair</i>	Catherine Roome, <i>Chair</i>	Stacey Crawford, <i>Chair</i>	Rod Thomson, <i>Chair</i>	Eric Nadin, <i>Chair</i>
Stacey Crawford	Eric Nadin	Art Van Pelt	Gina Arsens	Gina Arsens	Colin MacKinnon
Colin MacKinnon	Rod Thomson	Stacey Crawford	Catherine Roome	Eric Nadin	Gina Arsens
Eric Nadin	Rita Virk	Colin MacKinnon	Rod Thomson	Catherine Roome	Art Van Pelt
Art Van Pelt (<i>ex-officio</i>)	Art Van Pelt (<i>ex-officio</i>)		Art Van Pelt (<i>ex-officio</i>)	Art Van Pelt	
				Rita Virk	

April 22 - December 31

Audit	Risk, Investment and Loan	People Experience	Governance and Conduct Review	Nominations	Integration
Rita Virk, <i>Chair</i>	Colin MacKinnon, <i>Chair</i>	Catherine Roome, <i>Chair</i>	Stacey Crawford, <i>Chair</i>	Rod Thomson, <i>Chair</i>	Eric Nadin, <i>Chair</i>
Art Van Pelt	Art Van Pelt	Art Van Pelt	Jill Donaldson	Gina Arsens	Catherine Roome
Gina Arsens	Rod Thomson	Rita Virk	Catherine Roome	Stacey Crawford	Gina Arsens
Eric Nadin	Eric Nadin	Colin MacKinnon	Rod Thomson	Jill Donaldson	Art Van Pelt
			Art Van Pelt (<i>ex-officio</i>)	Eric Nadin	
				Colin MacKinnon	



The success of 2021 could not be achieved without the dedication and performance of each board member.

Art Van Pelt
Board Chair



Art Van Pelt
Board Chair

Corporate governance disclosure

The Prospera board consists of nine independent directors who are ultimately responsible for the stewardship of the credit union and oversight of its risks and financial performance.

As of December 31, 2021, the directors of Prospera are:

Art serves as board chair of Prospera. Art was first elected as a director of the credit union in 2013 and became chair of the board in 2018. Art is a seasoned human resources professional with more than 35 years of experience. As the former vice president for people at Overwaitea Food Group, he has extensive experience managing compensation, payroll, pensions and benefits, health and safety, disability claims, recognition, training, succession planning and labour relations. Art has been a credit union member since 1984.

He has served on various boards throughout his career, including the Canadian Grocery HR Council and Alouette Addictions Services Society. He is secretary and lead management trustee of the United Food and Commercial Workers Industry Pension Trust, member of the Pacific Gateway Infrastructure Fund Advisory Committee, member of the Fengate Brownfield Fund Advisory Committee, and past chair of Ridge Meadows Hospital Foundation.

Art holds a Bachelor of Arts with a major in business administration and economics from Simon Fraser University. He is a chartered professional in human resources and a member of the Institute of Corporate Directors. Art is a graduate of the ICD – Rotman Directors Education Program (ICD.D) Corporate Governance College.

Director Since	2013	Current Term Expires	2022
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- | | |
|------------------------|--|
| Board Positions | <ul style="list-style-type: none"> Member of the Audit Committee, Integration Committee, People Experience Committee and the Risk, Investment and Loan Committee Board member of the Prospera Foundation Ex-officio member of the Governance and Conduct Review Committee |
|------------------------|--|



Eric Nadin
Vice Chair

Eric serves as vice-chair of the Prospera board. Eric was first elected as a director of Prospera in 2011, and served as chair of the board from 2018 to 2019. He has chaired a number of committees during his tenure, including Human Resources, Governance and Conduct Review, and the CEO Search Committee, and has been a member of the Audit, Risk Management/Investment and Lending Committee, the Community Relations Committee, the Joint Merger Integration Committee and the Joint Merger Communications Committee.

Eric retired in 2015 following a 35-year career as a professional engineer, with his last role as senior manager-general manager of construction services for BC Hydro. He has served on corporate and not-for-profit boards of directors and holds the ICD.D designation from the Institute of Corporate Directors.

Director Since 2011 **Current Term Expires** 2023

- Board Positions**
- Chair of the Integration Committee
 - Member of the Audit Committee, Nominations Committee and Risk, Investment and Loan Committee
 - Board member of the Prospera Foundation



Gina Arsens
Director

Gina is the Founder and CEO of Yumasoy Foods Ltd. a plant-based food start-up, based in Vancouver. She is the former CFO of Ideon Technologies Inc. and the Digital Technology Supercluster. In her 25-year career, she held leadership roles in varying industries from Industrial, Maritime, Real-Estate and Technology.

Gina is a long-time credit union member and was first elected to the Prospera Board in 2020 and also currently serves on the York House School Board. Prior to Prospera, Gina served on the YWCA Board and the Beanworks AP Board.

Gina is currently enrolled in the Director Education Program offered by the Institute of Corporate Directors and anticipates receiving her ICD.D designation in the coming months. Gina is a Chartered Professional Accountant (CPA, CA) and a Chartered Business Valuator (CBV). She had the distinction of being honoured as one of BC's Top 40 under 40 and one of BC's Most Influential Women in Finance.

Director Since 2020 **Current Term Expires** 2023

- Board Positions**
- Member of Audit Committee, Integration Committee and Nominations Committee



Stacey Crawford
Director

Stacey was first elected as a director of Prospera in 2012 and served as chair of the board of directors from 2015 to 2018. He served as the chair of Prospera's Nominations and Elections Committee, Member and Community Relations Committee, Governance and Conduct Review Committee, and was a member of the Audit, Human Resources, Joint Merger Integration, Joint Merger Communications, and CEO Hiring Committees.

Since 2009, Stacey has been the director of economic development for the District of Mission. He holds the Certified Credit Union Director designation from the Rotman School of Management and has received his ICD.D designation, having completed the Directors Education Program (Institute of Corporate Directors) in April 2019. He holds a Master of Arts in Leadership and Training and has a long track record as an active volunteer in his community, having served as a director on several community associations.

Director Since 2012 **Current Term Expires** 2024

- Board Positions**
- Chair of the Governance and Conduct Review Committee
 - Member of the Nominations Committee



Jill Donaldson
Director

Jill was first elected as a director of Prospera in 2021. Jill is a principal at IMJ Law based in Vancouver. As a senior corporate and securities lawyer, Jill has extensive experience in the financial services sector with expertise in mergers and acquisitions and post-merger integration, strategic planning and implementation, compliance and risk management, governance and stakeholder engagement. Jill is also active in the community as a director of Canuck Place Children's Hospice. Jill was born and raised in Kamloops and holds a law degree and commerce degree from the University of British Columbia. Jill also holds an ICD.D designation from the Institute of Corporate Directors and is a director of Great Bear Royalties Corp.

Director Since 2021 **Current Term Expires** 2024

- Board Positions**
- Member of the Governance and Conduct Review Committee and Nominations Committee



Colin MacKinnon

Director

Colin was first elected as a director of the credit union in 2018 and has chaired the Nominations Committee and served as a member of the Audit and Risk Committee, Investment and Loan Committee, Joint Merger Integration Committee, and Joint Merger Communications Committee. He is a chartered professional accountant (FCPA, FCA) and holds the ICD.D designation from the Institute of Corporate Directors. In addition, he holds a Bachelor of Science (Chemistry) and Master of Business Administration from the University of British Columbia.

Colin has more than 40 years of experience in senior executive management roles, with a focus on corporate finance, strategic planning, and risk management. From 1996 until his retirement in 2013, he was with the British Columbia Automobile Association in several senior roles, including senior vice president and chief financial officer, senior vice president and chief risk officer and corporate secretary. He is very active in the community serving on a number of not-for-profit boards of directors, including Special Olympics and the Prospera Foundation.

Director Since	2018	Current Term Expires	2024
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- Board Positions**
- Chair of the Risk, Investment and Loan Committee
 - Member of the People Experience Committee and Nominations Committee



Catherine Roome

Director

Catherine co-leads Pulse Technologies, a health-tech startup based in Vancouver to inspire global health equity. Catherine is the former president and lead executive officer of Technical Safety BC. She is a leader in the algorithmic economy where predictive insights are used to create long-term social and financial value and she is deeply committed to supporting the next generation of leaders.

Catherine has served and continues to serve as a Director on community Boards in addition to being a long-standing credit union member. She is a director of BC Hydro and Powerex, and McElhanney Ltd., and holds advisory positions with Neuroethics Canada, Ingenium Canada's Science and Technology Museums, as well as UBC and the University of Victoria's Engineering and Computer Science faculties.

She holds her Institute of Corporate Directors (ICD.D) designation. A professional engineer, Catherine received her Bachelor of Electrical Engineering from the University of Victoria.

Director Since	2020	Current Term Expires	2022
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- Board Positions**
- Chair of the People Experience Committee
 - Member of the Governance and Conduct Review Committee and Integration Committee



Rod Thomson
Director

Rod Thomson was first elected as a director of Prospera in 2018 and served as a member of the Audit and Human Resources Committees. From 2009 until 2018, he was a small business owner and client of Prospera. He has a long history in publishing and marketing. His philanthropic work includes serving on the boards of directors of St. Andrews Hall for six years, including a stint as chair of the board of directors, and University of the Fraser Valley for six years, where he also served as the chair of the board of directors. He holds the ICD.D designation from the Institute of Corporate Directors. He is also very active in Rotary.

Director Since 2018 **Current Term Expires** 2023

- Board Positions**
- Chair of the Nominations Committee
 - Member of the Risk, Investment and Loan Committee and Governance and Conduct Review Committee
 - Board chair of the Prospera Foundation



Rita Virk
Director

Rita was first elected as a director of the credit union in 2018 and served as a member of the Audit and Risk Committee, Nominations Committee, and as chair of the Foundation.

She is a Chartered Professional Accountant, Chartered Accountant and has a Master of Professional Accounting degree. Rita also holds the ICD.D designation issued by the Institute of Corporate Directors. She is the former Head of Internal Audit and Enterprise Risk Management at Seaspan Corporation and Atlas Corp. She has extensive experience in financial reporting and analysis, risk management, and internal audit. She has practiced in a wide range of industry sectors, including oil and gas, insurance, biotechnology, mining, and technology.

Rita previously served on the Fraser Health Patient Care Quality Review Board from 2015 to 2018. She also previously served on the South Asian Committee for BC Children's Hospital Foundation.

Rita is passionate about innovation and emerging technologies and among her other activities is also a member of the Harvard Business Review Advisory Council.

Director Since 2018 **Current Term Expires** 2022

- Board Positions**
- Chair of the Audit Committee
 - Member of People Experience Committee
 - Vice-chair of the Prospera Foundation

Compensation philosophy

We have a long history of high-quality service and consistent financial performance that carefully balances the needs of the members with prudent fiscal management. The board represents the members and provides critical stewardship through guidance and oversight.

We believe that better boards produce better results, and that better boards are made up of dedicated and competent members. A director in a modern credit union must possess the skills and expertise relevant to the strategic initiatives of the credit union in an increasingly complex environment. Directors spend considerable time and effort carrying out their duties with due care and diligence against a backdrop of potential exposure to financial, reputational and personal risk.

It is vitally important that we attract and retain qualified directors to provide proper oversight and stewardship to ensure the long-term success and sustainability of the credit union. There is competition for skilled directors and appropriate director compensation is seen as a key component to ensuring that the board attracts qualified candidates.

Accordingly, the board has adopted the following board compensation philosophy:

The level of compensation paid to Prospera directors is at the median of large urban credit unions in Canada

The board's compensation philosophy is reviewed annually by the Governance and Conduct Review Committee.

Compensation plan

The members of Prospera may approve by resolution at an Annual General Meeting, an aggregate amount that is available for the compensation of directors. Currently, the aggregate amount available for the annual compensation of directors is \$500,000.

The total compensation paid to directors for 2021 was \$379,473.

COMPENSATION STRUCTURE FOR 2021

Position	Annual Retainer
Board Chair	\$65,000
Vice Chair	\$40,000
Board member	\$35,000
Committee Chairs	\$5,000
External Chair (e.g., Chair of an external industry group such as Peer Group 5)	\$3,500

In addition to the annual amounts noted above, members of the Integration Committee are compensated \$600 per meeting.

The board's compensation plan is reviewed every three years by the Governance and Conduct Review Committee which may, from time to time, retain the services of an independent consultant.

Board compensation and attendance for 2021 can be found on page 16.

Expenses

Reasonable expenses incurred by the board in performance of their duties as a director of Prospera are eligible for reimbursement in accordance with the Directors Compensation, Expenses and Insurance Policy. Expenses eligible for reimbursement include director development programs, flights, accommodations, and meals. Expenses must be consistent with the values and employee policies of Prospera and not perceived as excessive. Directors are required to provide receipts for expenses they incur in order to be reimbursed.

In addition, the board as a group incurs expenses during the performance of their duties as a board. These expenses include engaging consultants to provide guidance and expertise on a variety of matters.

INDIVIDUAL DIRECTOR AND BOARD EXPENSES FOR 2021

Director	Total Expenses	Description of Expense
Art Van Pelt, Board Chair	\$794	CCUA National Conference Annual HR Conference
Eric Nadin, Vice Chair	N/A	
Gina Arsens	\$19,688	Institute of Corporate Directors ICD.D Designation
Stacey Crawford	\$2,623	CCUA National Conference Harvard Business School - Financial Accounting
Jill Donaldson	\$974	CCUA National Conference Development – Credit Union Director Achievement Program (Level A Courses)
Colin MacKinnon	\$21	Development - Webinar - Rethinking Risk Management
Catherine Roome	\$495	CCUA National Conference
Rod Thomson	\$20,646	CCUA National Conference Open Banking Expo Institute of Corporate Directors ICD.D Designation
Rita Virk	\$8,495	CCUA National Conference Ivy Leadership Program
Board Overall	\$133,641	Consultant fees, meeting expenses and Board development
Total Expenses	\$187,376	

Education

We recognize the importance of ongoing education and training for directors to safeguard the effective oversight of the credit union and ensure our directors understand the issues that face the credit union, the credit union system and the financial industry. Accordingly, all first-time directors are required under BC law to complete Level A of the Credit Union Director Achievement (CUDA®) Program within 12 months of being elected to the board. All directors of Prospera have fulfilled this requirement. In addition, we provide numerous opportunities for education and training, such as access to publications and industry information, educational seminars for the board as a whole, industry-sponsored seminars and events, and other conferences and seminars, including an education allowance of \$15,000 per term (three years) toward the professional development of each director in their role as a director of Prospera.

All directors must complete anti-money laundering and cyber security training on an annual basis. Education sessions completed by individual directors for 2021 included provincial lobbying legislation; diversity, equity and inclusion (DEI); strategic thinking for directors; leadership and organizational culture; environmental, social and governance (ESG); and climate change implications for institutional investors.

In addition to the professional development of individual directors, the board evaluates its composition and performance on an annual basis to assess the board's operating proficiency and discover areas for improvement. Every two years, the board engages an external consultant to facilitate this exercise. The board evaluation process is designed to strengthen the overall performance and effectiveness of the board.

Related party transactions involving directors (loans to directors)

Loans to directors are granted under the same terms and conditions as all other members of the credit union. In 2021, authorized and/or outstanding loans to directors totaled \$1,847,050 and none were in arrears. There was one related party transaction involving a director during 2021.

Board and committee meeting attendance

The following chart reflects committee composition and attendance in 2021.

(For details of annual compensation for board positions and meeting fees see table on page 14)

Director	Board	Audit	Risk, Investment and Loan	People Experience	Governance and Conduct Review	Nominations	Integration	Total Meetings	Excusals	Quarterly Meeting Fees		Total Annual Compensation	
Gina Arsens	✓	✓			✓	✓	✓	30	0	\$	2,400	\$	37,400
Stacey Crawford	✓	✓		✓	✓	✓		29	0	\$	-	\$	40,000
Jill Donaldson ^{1,2}	✓				✓	✓		21	0	\$	-	\$	24,403
Colin MacKinnon	✓	✓	✓	✓		✓	✓	30	0	\$	600	\$	\$40,600
Eric Nadin	✓	✓	✓			✓	✓	32	1	\$	2,400	\$	47,400
Catherine Roome	✓	✓		✓	✓	✓	✓	32	1	\$	1,200	\$	41,200
Rod Thomson	✓		✓		✓	✓		31	1	\$	-	\$	40,000
Art Van Pelt ³	✓	✓	✓	✓	✓	✓	✓	41	0	\$	2,400	\$	68,470
Rita Virk ⁴	✓	✓	✓	✓		✓		23	4	\$	-	\$	40,000
										\$	9,000	\$	379,473

¹Elected April 20, 2021 – attended all committee meetings as a guest as part of the Director Orientation Program

²Total meetings include committee meetings attended as a guest

³Attended some meetings in the capacity of ex officio

⁴Excusals due to medical absence

CEO Compensation Disclosure

Prospera's Total Rewards programs are based on a pay-for-performance philosophy and are intended to attract, retain and reward employees who live the organizational values and deliver exceptional results for the benefit of our members.

Total rewards philosophy

Prospera is committed to providing a total compensation package that is aligned with our strategic direction, is competitive in the marketplace and maintains internal equity. To this end, the total compensation package comprises direct and indirect components.

Direct compensation includes base salary and incentive payments for performance at or above expected results.

Indirect compensation includes a defined benefit pension plan, health and welfare benefits, leave provisions (vacation, illness days), short and long-term disability, banking privileges, and education and career development. It may also include additional compensation through an allowance for such items as auto expenses and wellness benefits.

Prospera maintains salary ranges that are competitive within the financial services market. Our objective is to pay at the median of the market on base salary for meeting performance expectations. The primary source of comparative market data is obtained from Central 1, Korn Ferry and Mercer and is focused on mid and large-sized credit unions primarily located within Metro Vancouver, the Fraser Valley and the Interior, and for some positions, selected comparable credit unions.

Executive compensation

Total Rewards for the Executive Leadership Team, including the President and Chief Executive Officer (CEO), are guided by the organization's compensation philosophy. The People Experience Committee of the Board (PX Committee) has confirmed that the market comparator group is urban Canadian credit unions of similar size and executive compensation is set at the median of the market.

CEO compensation summary

The total compensation package for the CEO is reviewed annually and approved by the PX Committee. This total package includes a base salary in line with the median of the designated comparator group along with short and long-term incentive plans designed to reward the achievement of annual and longer-term organizational performance objectives.

Short-term incentive plan

The CEO's short-term incentive (STI) is based on a weighted combination of organizational results (75%) and individual objectives (25%); each are determined and approved annually by the PX Committee. The CEO's target STI rate for 2021 is 50% of base salary to a maximum of 75%, based on delivering exceptional performance.

The organizational results are measured based on a number of qualitative and quantitative factors that together form a balanced assessment of success of Prospera, including engaging with our members and employees, managing the overall operations and growing the credit union for long-term sustainability to provide enduring value to our membership. The individual objectives are set annually by the PX Committee with a focus on key priorities identified to achieve the credit union's strategic objectives.

Long-term incentive plan

The long-term incentive (LTI) plan is designed to reinforce long-term sustainable growth and effective management of the credit union using quantifiable metrics over overlapping three-year periods that are approved by the PX Committee. Payment of the LTI occurs at the end of each three-year period if performance meets or exceeds performance metrics. The CEO's target LTI rate for 2021 is 50% of base salary to a maximum of 75% based on delivering exceptional performance.

2021 CEO TOTAL CASH COMPENSATION

Base Salary	STI Payout	LTI Payout	Total
\$510,000	\$318,546	\$184,496	\$1,013,042

Benefits and pension

The CEO participates in the same health benefit plan that is provided to all employees that includes short and long-term disability insurance benefits. In addition to participating in the non-contributory employee-defined benefit pension program, the CEO is also eligible for the pension benefits under the Supplemental Executive Retirement Plan (SERP). The total combined retirement benefit is determined based on 2% of final base salary average earnings for each year of credited service. As part of the market competitive perquisite program, the CEO receives an additional health benefit through an annual health assessment provided by a private health care facility and receives an additional monthly allowance for automotive and other expenses.

Other employment terms

If the CEO is terminated without cause he will be entitled to a severance based on 12 months plus one month for each year of service up to a maximum of 24 months base salary, unvested short and long-term incentive payments and an additional 25% of base salary in lieu of benefits.

If the CEO is terminated for cause, retires or resigns, he would not be entitled to any notice of termination, payment in lieu or severance.



Corporate Information

Credit union industry directorships held by directors and officers

Colin MacKinnon
Stabilization Central Credit Union

Gavin Toy
Canadian Credit Union Association

Corporate Counsel

Dentons Canada LLP
Vancouver, British Columbia

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