

Board Mandate

Approved: September 7, 2018

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1.1 ROLE

The Board is responsible for the stewardship of Central 1 and overseeing the management of Central 1's business and affairs. Subject to the provisions of the Rules, the FIA, the CUIA and other applicable legislation, the Board fulfills its responsibility both directly and by delegating certain duties to Committees of the Board and to management. The specific duties delegated to each Committee of the Board are outlined in the Terms of References for those Committees.

1.2 ACCOUNTABILITY

The Board is accountable to Central 1's members. In performing its functions, the Board shall consider the interests of Central 1's members, employees, the credit union system as a whole and other stakeholders.

1.3 MANDATE/RESPONSIBILITIES OF THE BOARD

The powers of the Board are set out in the CUIA, the FIA, Central 1's Rules and other applicable legislation. Notwithstanding the foregoing, the fundamental responsibilities of the Board are set out below.

1.3.1 Governance

The Board has the responsibility to:

- a) ensure that Central 1 has the capability and culture to support its risk appetite and achieve its strategy;
- b) ensure processes are in place with respect to compliance with, and annually assess Central 1's compliance with applicable securities laws, the CUIA, the FIA, Central 1's Rules, Codes of Conduct, and all other significant policies and procedures of Central 1;
- c) approve and direct the implementation of corporate governance practices and procedures, including the approval and evaluation of the terms of reference for the Board and its committees and other policies which govern the conduct of directors, officers and employees;
- d) including through the mandate granted to the Conduct Review and Corporate Governance Committee, facilitate the triennial corporate governance review, which review includes Board succession planning;
- e) receive reports from the President and CEO on the operations of Central 1;
- f) authorize officers of Central 1 to execute documents and take financial action on behalf of Central 1;
- g) establish and populate committees of the Board and approve their respective mandates;
- h) regularly evaluate the competencies of the Board relative to the strategy and risk appetite of Central 1 and identify desirable competencies that are directly aligned to Central 1's strategic plan and to its needs for risk oversight;
- i) ensure candidates with the desired competencies are actively recruited and establish a transparent and independent assessment process to compare candidates to the desired competency matrix;
- j) review the adequacy and form of directors' compensation, and
- k) establish a minimum attendance expectation for Board members with respect of Board and committee meetings.

1.3.2 Board Effectiveness

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

- a) assess its own training and development, including access to effective orientation programs, and ongoing training and development initiatives; and
- b) establish appropriate processes for the regular evaluation of the effectiveness of the Board, its committees and its members.

1.3.3 Strategy

The Board has the responsibility to:

- a) adopt a strategic planning process and annually review and approve Central 1's strategic plan;
- b) develop and approve Central 1's vision, mission, its goals and the strategies by which it proposes those goals be reached;
- c) ensure congruence and compatibility between member expectations, the strategic plan, and management performance;
- d) monitor Central 1's progress towards its goals, revising and altering direction in light of changing circumstances, and taking remedial action, as and when required; and
- e) review and approve management's operational plans to ensure they are consistent with the Central 1's vision and the strategic plan.

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1.3.4 Human Resources

The Board has the responsibility to:

- a) ensure fair and equitable treatment of employees;
- b) establish a compensation philosophy for Central 1;
- c) provide leadership and direction to management;
- d) authorize the appointment of the President and CEO and the Chief Financial Officer and any other officer that the Board is required by statute to appoint and regularly evaluate the performance of such officers;
- e) assess the President and CEO's performance against objectives established by the Board, in co-operation with the President and CEO;
- f) monitor and authorize compensation of senior management;
- g) approve incentive-based compensation plans to ensure that there is an alignment of risk and reward and that incentive programs do not reward undue risk taking; and
- h) ensure that Central 1 has a program in place to provide for the orderly succession of management.

1.3.5 Risk Management

The Board has the responsibility to:

- a) understand the principal risks of all aspects of the businesses in which Central 1 is engaged and achieve a proper balance between risks incurred and potential returns;
- b) confirm that a management system is in place to identify the principal risks to Central 1 and its businesses and appropriate procedures are in place to monitor and mitigate those risks;
- c) approve, implement and monitor a comprehensive risk governance framework;
- d) ensure such risk governance framework effectively monitors Central 1's activities, initiates corrective action when necessary and is adequately resourced, forward looking, informative, strategic and responsive;
- e) ensure such risk governance framework is communicated to the appropriate parties;
- f) approve Central 1's financial and risk policies;
- g) ensure that appropriate directors' and officers' liability insurance cover is in place;
- h) implement a framework for accountability and disclosure to effectively inform members and other stakeholders of applicable risks;
- i) annually recommend the appointment of the auditor of Central 1 to its members; and
- j) consider any report to the Board by Central 1's auditor or any regulatory body.

1.3.6 Financial Reporting

The Board has the responsibility to:

- a) approve Central 1's audited annual and quarterly interim financial statements and corresponding Management's Discussion and Analysis;
- b) oversee Central 1's compliance with applicable audit, accounting, regulatory and financial reporting requirements;
- c) approve annual dues, operating and capital budgets;
- d) confirm the integrity of Central 1's internal control and management information systems;
- e) approve the declaration of dividends; and
- f) review financial and operating results, relative to strategy, budgets and objectives.

1.3.7 Communications

The Board has the responsibility to:

- a) ensure policies and procedures are in place for effective communication with Central 1's members and other stakeholders in compliance with applicable law at a frequency and in a format that provides for meaningful evaluation, including, without limitation, reviewing and responding to member feedback and complaints and responding to the media;
- b) ensure that Central 1's financial performance is reported to the members on a timely and accurate basis, in accordance with International Financial Reporting Standards;
- c) report to the members any developments that have a significant and material impact on the value of Central 1's assets;
- d) approve the adoption of a disclosure policy relating to, among other matters, the confidentiality of Central 1's business information;
- e) convene general and special meetings of members of Central 1 or classes of members; as required;
- f) 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 CUIA and the Rules; and
- g) ensure that all corporate documents and records have been properly prepared, approved, and maintained.

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1.3.8 Integrity of Internal Control and Management Information Systems

The Board has the responsibility to:

- a) ensure the integrity of internal control and management information systems;
- b) approve and monitor compliance with all significant policies and procedures under which Central 1 operates;
- c) ensure that Central 1 operates at all times within applicable laws, regulations and accounting guidelines;
- d) confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters; and
- e) ensure control and information systems are in place to ensure the effective discharge of all of the Board's responsibilities.

1.3.9 Membership and Share Capital

The Board has the responsibility to:

- a) consider and accept or reject, as appropriate, applications for membership (or delegate responsibility for the foregoing in accordance with the Rules);
- b) ensure members remain in good standing under the Rules,
- c) allot and issue shares in Central 1 to its members, as required, in accordance with the Rules;
- d) consider, and if appropriate, authorize the redemption of shares in Central 1 in accordance with the Rules;
- e) consider, and if appropriate, authorize the transfer of shares of Central 1 in accordance with the Rules; and
- f) assess and levy dues upon Class A members of Central 1 for the purpose of financing and defraying the costs and expenses of Central 1 in providing services to its Class A members.

1.3.10 Significant Corporate Operational Policies

The Board reviews and approves all significant corporate operational policies of Central 1. The significant policies are listed in the Corporate Operational Policies section of the Board Manual.

1.4 MEETINGS AND PROCEDURES

- 1.4.1 The Board shall meet, as it deems necessary, to fulfill its duties and responsibilities hereunder, but not less than once each quarter. The time and location of the meetings shall be determined, from time to time, by the Chairperson of the Board. Except as otherwise provided by these Rules, the rules of order for the conduct of meetings of Directors shall be in accordance with the current edition of "Robert's Rules of Order, Newly Revised". Any of the Chairperson of the Board, any three (3) directors, or the Corporate Secretary may call meetings of the Board. The Board may meet in person, by conference call or by other electronic means.
- 1.4.2 Whenever possible, seven (7) days' notice of the meeting shall be provided, in writing, to directors, and any invited persons. The agenda and required reports shall be circulated to the Committee (via Central 1's board portal or email) one (1) week in advance of the meeting date, whenever possible.
- 1.4.3 A quorum at any meeting of the Board shall be a majority of directors of the Board. Decisions of the Board will be by an affirmative vote of the majority of those directors voting at a meeting. The Board may also act by resolution in writing signed by all of the directors.
- 1.4.4 The Chairperson of the Board shall appoint a Recording Secretary who need not be a director to keep minutes or other records of the meeting.
- 1.4.5 The Board shall meet "in-camera" at each meeting with only the directors present. An in-camera session of the Board may be requested by any director at any time during any Board meeting and, on such request being made, the Board Chairperson shall convene such an in-camera session.
- 1.4.6 The Board may invite any officer or employee of Central 1 or any other person, as appropriate, to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

1.5 MANAGEMENT AND RESOURCES

- 1.5.1 The Board shall be resourced by the Board Committees, President and CEO, Chief Transformation and Legal Officer, Corporate Secretary, the external auditor, internal auditor and statutory bodies.
- 1.5.2 The Board shall have the authority to engage and determine funding for any independent counsel, accountants and other external consultants and advisors, as it may deem necessary to carry out its responsibilities.

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1.6 RECORDS

The official records of the Board including all meeting material and minutes are maintained by the Corporate Secretary, in a style and format approved by the Corporate Secretary. Minutes of every meeting shall be recorded and available to directors.

1.7 BOARD MANDATE REVIEW

The Conduct Review and Corporate Governance Committee shall review these provisions annually and, as deemed necessary or advisable, make recommendations to the Board for its approval.