

## Board Structure

Approved: September 16, 2022

Reviewed: September 13, 2022

### 1.1 BOARD POWERS AND DUTIES

The Board of Directors (the “**Board**”) has overall responsibility for Central 1’s business conduct. It is responsible for supervising the management of the affairs and business of Central 1 in accordance with Central 1’s *Constitution and Rules* (the “**Rules**”), the *Credit Union Incorporation Act* (British Columbia) (the “**CUIA**”) and the *Financial Institutions Act* (British Columbia) (the “**FIA**”) and other applicable legislation and regulations.

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. The Board has delegated the responsibility for the day-to-day conduct of business to the management of Central 1. The Board’s role is one of governance and oversight. The Board’s specific responsibilities are set out in the Board Mandate.

### 1.2 BOARD COMPOSITION

The composition of the Board shall be as set out in Central 1’s Rules.

The Board maintains a framework for assessing desired competencies, expertise and skills it seeks in potential director candidates. Annually, based on this analysis, the Conduct Review and Corporate Governance Committee establishes a competency matrix and director recruitment profile that outlines the competencies required in upcoming director elections or appointments. Once approved by the Board, the director recruitment profile is provided to the Nominations and Elections Committee, which uses it to recruit and assess director candidates to recommend for appointment/election to the Board.

### 1.3 DIRECTORS’ TERMS

The term of office of a director shall be for a period, expiring at the conclusion of the third annual general meeting following their election or appointment (a “**Three-Year Term**”), unless a shorter term is provided by the Rules or determined by the Board at the time of election or appointment. No person may serve more than four (4) consecutive Three-Year Terms, excluding any periods of less than a Three-Year Term (“**Maximum Consecutive Terms**”). A person who has served the Maximum Consecutive Terms may not be reappointed or re-elected as a director during a period of 330 days after a person ceases to be a Director (“**Lapse Time**”). If a person is re-elected or re-appointed as a Director after the expiration of the Lapse Time, a person may be elected or appointed as if they were being elected as a Director for the first time.

### 1.4 INDEPENDENCE

All directors are required to be independent of the management of Central 1. A director is considered independent if they have no direct or indirect “material relationship” with Central 1 and, except for director fees, do not financially benefit from their relationship with Central 1.

A material relationship is one which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment.

### 1.5 DIVERSITY

Central 1 is committed to building and sustaining a diverse and inclusive Board that both supports Central 1’s strategy and reflects the credit union system and the diverse communities it serves. To support this, the Nominations and Elections Committee will, when identifying candidates to recommend for appointment/election to the Board:

- a) consider candidates who are highly qualified based on the Board-approved competency matrix;
- b) take into account that a diverse and inclusive board of directors should reflect the diversity of the communities that Central 1 serves; and
- c) conduct a search for candidates that meet the Board’s skills and diversity criteria to help achieve its diversity aspirations.

In promoting diversity, the Nominations and Elections Committee recognizes that diversity encourages the inclusion of different perspectives and ideas, mitigates against groupthink and ensures opportunities to benefit from all available talent.

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The Board aspires towards board composition reflective of the diversity represented in the broader Canadian population. (See Board [Diversity and Inclusion Policy](#) for further detail.)

## 1.6 CHAIR OF THE BOARD

The Board Chair shall be elected annually, by and from, the directors at the organizational meeting (“**Organizational Meeting**”) of the Board immediately following the annual general meeting (“**AGM**”) of members of Central 1. The Chair is elected for a one (1) year term expiring at the conclusion of the AGM following their appointment, with a maximum of three (3) consecutive terms.

The Chair shall act in accordance with the Board Chair Position Description.

## 1.7 VICE-CHAIR OF THE BOARD

The Vice-Chair shall be elected annually, by and from, the directors at the Organizational Meeting. The Vice-Chair is elected for a one (1) year term expiring at the conclusion of the AGM following their appointment with a maximum of three (3) consecutive terms.

The Vice-Chair shall act in accordance with the Vice-Chair Position Description.

## 1.8 BOARD CHAIR AND VICE-CHAIR ELECTIONS

The Corporate Secretary oversees the election of the Board Chair and Vice-Chair on behalf of the Board. To assist the directors with the election of the Board Chair and Vice-Chair at the Organizational Meeting, the Corporate Secretary shall issue a request for expressions of interest from the current Board to identify those directors who are willing to stand for election as Board Chair and/or Vice-Chair if nominated at the Organizational Meeting. Expressions of interest should be in writing and received by the Corporate Secretary not less than seven (7) days prior to the Organizational Meeting. At the Organizational Meeting, nominations for the Board Chair and Vice Chair will be sought, including directors who have expressed interest in writing and any additional nominees. A director, so nominated, must accept or refuse said nomination unless their interest has been expressed in writing.

If there is more than one (1) nominee per position, an election shall be conducted by secret ballot at the Organizational Meeting. Once ballots have been counted and a successful candidate has been elected for each position, all ballots shall be destroyed. Proxy votes are not allowed. 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 who receives the majority of votes (50% plus 1) casts wins. If no nominee receives a majority of votes, the nominee with the lowest number of votes is eliminated and a revote is conducted. The process continues until one nominee wins by obtaining a majority of votes.

## 1.9 BOARD COMMITTEES

The Board has established the following standing Committees (“**Committees**”) to assist it with fulfilling its responsibilities:

1. Audit and Finance;
2. Conduct Review and Corporate Governance;
3. Human Resources;
4. Nominations and Elections;
5. Risk Review and Investment & Loan; and
6. Technology and Innovation.

The Board has established Terms of Reference for each Committee that sets out, without limitation, the composition, duties and responsibilities of each Committee, the rules of procedure and accountability.

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

## 1.10 COMMITTEE CHAIRS AND MEMBERSHIP AND ELECTIONS

Upon the recommendation of the Conduct Review and Corporate Governance, taking into account legislative requirements, Central 1’s Rules and each director’s preferences, skills and experience, the Board elects or appoints, as the case may be, the Chairs (with the exception of the Chair of the Audit and Finance Committee which is appointed by the Audit and Finance Committee) and members of each Committee, at the Organizational Meeting.

Committee Chairs and members are elected or appointed, as the case may be, for one (1) year terms expiring at the conclusion of the AGM following their appointment.

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The Corporate Secretary oversees the election of the Committee Chairs (with the exception of the Chair of the Audit and Finance Committee) and members of each Committee on behalf of the Board. To assist the directors with the election of the Committee Chairs, the Corporate Secretary shall issue a request for expressions of interest from the current Board to identify those directors who are interested in standing for election as a Committee Chair if nominated at the Organizational Meeting. Expressions of interest should be in writing and received by the Corporate Secretary not less than seven (7) days prior to the Organizational Meeting. At the Organizational Meeting, nominations for Committee Chairs will be sought, including directors who have expressed interest in writing and any additional nominees. A director, so nominated, must accept or refuse said nomination unless their interest has been expressed in writing.

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### 1.11 AD HOC COMMITTEES

Ad hoc committees are Committees of the Board but differ from other Committees in that each ad hoc committee is established for a specific period of time to undertake a specific task, and then disbanded.

Each ad hoc committee operates according to Board approved Terms of Reference outlining its duties and responsibilities.

### 1.12 COMPENSATION

In accordance with the FIA, Central 1's members determine from time to time the aggregate remuneration paid to the directors of Central 1, including annual retainers and per diems for attendance at meetings. The members of Central 1 have resolved that such amount will be allocated and distributed to the directors of Central 1 at the discretion of the Board. The Board has adopted the *Director Compensation and Expense Policy* to outline the compensation payable to directors of Central 1.

### 1.13 MANAGEMENT AND EXTERNAL RESOURCES

Board policies and guidelines are issued, in part, to clarify roles and responsibilities between the Board and management for their adherence. Directors may direct questions or concerns on management performance to the Board Chair, to the Chief Executive Officer ("CEO"), or through Board and Committee meetings.

In addition to the Committees of the Board and management, the Board shall utilize the Corporate Secretary, external auditor and the internal auditor in order to fulfill its responsibilities.

The Board shall have the authority to engage independent counsel, accountants and any other professionals it may deem necessary to carry out its responsibilities.

### 1.14 LEVELS OF SPENDING AUTHORITY FOR THE BOARD

Individual Directors have no authority to make financial commitments for Central 1 other than expenditures made pursuant to Board-approved policies.

### 1.15 SUBSIDIARIES

Central 1 may establish or acquire subsidiaries to carry out Central 1's purpose and responsibilities. With respect to subsidiaries:

- a) Management manages all subsidiaries and reports to the Board on subsidiary operations and finances.
- b) Appointments to the Board of Directors of each subsidiary shall be in accordance with the Appointments Policy.
- c) The Audit and Finance Committee provides audit and risk oversight.

### 1.16 BOARD STRUCTURE 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.