

**Purpose** The purpose of the Governance Committee (“the Committee”) is to ensure the Board fulfils its legal, ethical and functional responsibilities through policy development, monitoring of board activities, and evaluation of directors’ performance.

**Objectives** The objectives of the Committee are to:

- assist the Board in its mandate to guide Vancity’s long-term strategic vision, provide governance oversight, and optimize member and community engagement;
- develop or monitor policies or guidelines to enhance the Board’s effectiveness, making recommendations to the Board where applicable;
- oversee processes to assess the performance of the Board, its committees and individual directors;
- facilitate planning and processes for board and committee succession;
- assist in the compliance of regulatory requirements; and
- protect Vancity from undue influence by related parties, or reputational risks that may arise from conflicts of interest.

Given its purpose, the Committee, on behalf of the Board, would consider matters whose primary risk is one of the following:

<p>Reputational Risk</p>	<p>The risk arising from negative perception of members, stakeholders, regulators, and the general public.</p> <p>Reputation harm is generally an outcome of from a myriad of other risks. For the GC particular attention should be paid to reputation when considering matters relating to the Code of Conduct, background checks, director elections, and political activity.</p>
<p>Legal &amp; Regulatory Risk</p>	<p>The risk arising from non-compliance with and/or the failure to adapt to current or changing regulations, laws, industry codes or rules, ethical standards, and regulatory expectations.</p> <p>The GC would need to consider this risk when looking at any related party, conflict, or Code of Conduct matters.</p>

**Membership and Quorum** Members of the Committee are appointed by the Board. The Board may fill a vacancy that occurs in the Committee at any time.

The Committee will be comprised of at least 4 directors.

A quorum for meetings will be a majority of members. (FIA s. 103)

In the event of a tie vote, the Committee Chair will cast the deciding vote.

If feasible, one of the two directors sitting on the Nominations and Election Committee also sits on the GC.

**Chair and Vice Chair** The Chair of the Committee will be ratified by the Committee, after it has taken into account a recommendation from the Board.

The Vice Chair of the Committee will be elected by the Committee at its first regular meeting of the new board year.

**Authority**

The Committee has the authority to:

- provide advice and direction on any governance-related matters;
- conduct, authorize and oversee inquiries into matters within its scope of responsibility, including:
  - matters of actual or perceived conflict of interest;
  - breaches in conduct and ethical behaviour; and
  - any matter brought to the attention of the Committee by another director;
- approve related party transactions within the limits defined by the *Financial Institutions Act*;
- oversee and approve specific Board policies, ensuring they are reviewed regularly; and
- ensure compliance with legal and regulatory requirements as this relates to member concerns.

**Responsibilities**

The following responsibilities are recurring activities performed by the Committee, with the understanding that the Committee may carry out additional functions as may be appropriate in response to:

- changing business, legislative, or regulatory conditions; and
- other responsibilities or duties delegated to the Committee by the Board.

**Note:** The Committee is included in all references to the “Board committees”.

<b>List of Committee Responsibilities</b>	
Public Policy	<ul style="list-style-type: none"> <li>• Provide input when consulted by the CEO on Vancity stating a position on an issue with social or political implications</li> <li>• Ensure that Vancity has a process to enable the CEO and Board, if necessary, to respond to public enquiries on Vancity’s positions</li> </ul>
Governance – Board, Committees and Directors	<ul style="list-style-type: none"> <li>• Review and oversee Board assessment, evaluation, and education activities, including:                             <ul style="list-style-type: none"> <li>– Board, committee and individual director assessments;</li> <li>– board committee and individual director needs/wants;</li> <li>– board committees and committee chair appointments;</li> <li>– attributes and experience review and gap analysis; and</li> <li>– Board, Board Chair and Committee Chairs succession planning.</li> </ul> </li> <li>• Review the size, structure and composition of the Board committees.</li> </ul>

	<ul style="list-style-type: none"> <li>• Develop and monitor an orientation program for directors.</li> <li>• Determine a professional development plan for directors based on the needs identified by the Board, its committees and individual directors.</li> <li>• Review director expenses.</li> <li>• Review all terms of reference for the Board, its committees and directors, taking into account any changes to regulatory or legal requirements, and recommend any amendments to the Board for approval.</li> <li>• Review the adequacy of directors' liability insurance, as well any legal or regulatory matters that may affect the duties, responsibilities and potential liability of directors.</li> <li>• Establish and review the process for identifying the statutory requirements with which directors are expected to comply, and ensure directors have sufficient information to sign an annual declaration confirming compliance.</li> <li>• Review and approve qualifications and remuneration for non-director members of Board Committees.</li> <li>• Review and recommend to the Board appointments to subsidiary and affiliate boards, and non-director members of Board Committees.</li> <li>• With respect to the annual Board of Directors' election:             <ul style="list-style-type: none"> <li>– the Governance Committee Chair interviews the NEC members at large candidates with the NEC Chair. In the event that the Governance Committee Chair is up for re-election, the Vice Chair will act as a substitute.</li> <li>– review and approve qualifications and remuneration for the non-director members of the Nominations and Election Committee (NEC);</li> <li>– review and present the NEC terms of reference for approval by the Board;</li> <li>– in consultation with the Board Chair, provide a report to the NEC (in the form attached as Appendix A) relating to incumbent or former directors seeking election or re-election; and</li> <li>– consider any requests for further information from the NEC about incumbent or former directors seeking election or re-election.</li> </ul> </li> <li>• With respect to the triennial Directors' Remuneration Committee, review and approve qualifications, terms of reference, and remuneration for the non-director members of the Directors' Remuneration Committee and recommend appointment of members to the Board.</li> </ul>
<p>Governance – General</p>	<ul style="list-style-type: none"> <li>• Monitor regulatory guidelines pertaining to governance and the credit union system.</li> <li>• Monitor and consider trends in governance, and consider the implications of these trends to Vancity.</li> </ul>

	<ul style="list-style-type: none"> <li>• Monitor the effectiveness of Vancity’s governance framework.</li> <li>• Ensure the Board receives appropriate information and context about member needs to most effectively inform Board and Committee decisions.</li> <li>• Review the Chief Complaints Officer Report</li> <li>• Reviews and monitors the adherence to the Market Conduct Code Program Review and approve the Board and Committee calendar principles, and review the calendar itself.</li> <li>• Ensure the Board of Directors’ Election: is rooted in Vancity’s vision Vancity’s values, and its Diversity, Equity, Inclusion and Reconciliation strategy which promotes member engagement in our democratic process.</li> <li>• Review annual Board budget.</li> <li>• Receive report confirming executive compliance with various statutory requirements.</li> <li>• Perform a review of the Credit Union Rules, either as required or in response to requests or regulatory changes, and make recommendations as appropriate for consideration by the members.</li> <li>• With respect to the policies listed in Appendix A (“Annual Calendar of Committee Reports”):             <ul style="list-style-type: none"> <li>– review and approve policies, as listed, including any amendments thereto; and</li> <li>– specifically for the Ethical Principles for Business Relationships Policy:                 <ul style="list-style-type: none"> <li>▪ approve the ethical principles established within the policy;</li> <li>▪ approve a listing of industry sectors that demonstrate poor alignment with the policy; and,</li> <li>▪ where applicable, provide advice regarding industry sectors that demonstrate ambiguous alignment with the policy.</li> </ul> </li> </ul> </li> </ul>
<p>Related Party Transactions, Conflicts of Interest, and Background Checks</p>	<ul style="list-style-type: none"> <li>• Provide oversight of the process of gathering and maintaining a list of all related parties and conflicts of interest.</li> <li>• Review and monitor the processes established to identify and resolve conflicts of interest.</li> <li>• Receive summary reports regarding related party transactions, and provide a report of transactions reviewed and approved by the Committee to the Board.</li> <li>• Receive summary reports regarding conflicts of interest.</li> <li>• Approve related party transactions as required in accordance with the Related Party Transactions and Conflict of Interest Policy.</li> </ul>

	<ul style="list-style-type: none"> <li>• Approve transactions involving conflicts of interest in accordance with the <i>Related Party Transactions and Conflict of Interest Policy</i>.</li> <li>• Review any matters regarding related parties and/or conflicts of interest in respect of subsidiaries of Vancity, wholly owned or otherwise.</li> <li>• When necessary, undertake additional duties, such as those associated with the disposal of assets or issuance of securities to related parties, as articulated in the <i>Financial Institutions Act</i>.</li> <li>• Receive report regarding background checks on directors and senior management.</li> </ul>
Directors' Code of Conduct	<ul style="list-style-type: none"> <li>• Monitor adherence to the policy, and take or direct action with respect to an allegation or finding of non-compliance with the policy by any Director.</li> <li>• Review the policy annually and updates as necessary.</li> </ul>
Employees Code of Conduct	For Senior Managers, receive any information from the Chair of the Equity and People Committee that may be relevant to the mandate of the Governance Committee.

**Meetings**

The Committee shall meet as required, but not less frequently than quarterly. Meetings are open to other directors who are non-voting.

The Committee shall determine its own procedures for the conduct of the meetings.

The Committee Chair may convene a meeting at the request of any director to consider any matter that director believes should be brought to the attention of the Committee.

The external auditor shall be given notice of any conduct review portion of a meeting, and is entitled to attend that portion.

**Reporting**

The Committee shall report to the Board in writing its decision(s), including appropriate details of transactions, as required under the *Financial Institutions Act*.

Minutes of all regular meetings will be available to Board members through the board portal.

The Chair will provide a report to the Board on matters not yet minuted.

Supporting schedules and information reviewed by the Committee will be available for examination by any director through the board portal.

**Resources**

The Committee is supported by:

- management including the CEO, Vice President General Counsel and Corporate Secretary, and Governance Department
- external and internal auditors

- external advisers as required