

BCFSA provides the credit union Boards of Directors with Governance Guidelines for stewardship and oversight of all credit unions within the province. This Governance Guideline contains Principles and Standards, informed by consultation with credit unions. This document provides Vancity's CEO compensation disclosure consistent with BCFSA's requirements.

Our Executive Total Rewards Philosophy

Vancity's Executive Total Rewards Philosophy is aligned with Vancity's Total Rewards Philosophy and applies to the CEO and Executive Leadership Team. It is intended to provide guidance for designing executive rewards programs and considers four dimensions: strategic, financial, employee, and operational.

The purpose of Total Rewards at Vancity is to reinforce and nurture the desired executive experience through a comprehensive and broad range of reward offerings comprising tangible and intangible components that are provided to executives in exchange for the delivery of expected behaviours and results.

Our rewards offering include:

- *Financial*: cash compensation and other programs that support financial security
- *Benefits and Insurance*: programs to manage ongoing health expenses and provide insurance
- *Community / Health & Well-Being*: programs to encourage healthy living and community building
- *Development*: programs to support personal and community-oriented learning and development

CEO Compensation Summary

The CEO's full compensation package is approved by the Board of Directors, based on comparison to a peer group. This peer group is carefully selected through a review by both the Board of Directors and the Board's independent advisors. As described in the compensation philosophy, Vancity targets the 50th percentile for base salary and total target cash in the comparator market.

CEO B was the CEO until she left the organization in 2023 and her base salary was pro-rated to reflect her departure on July 15, 2023. The 2023 Short-Term Incentive and the 2022-2023 Long-Term Incentive were not awarded as the CEO left the organization.

CEO A was appointed as Interim CEO on July 14, 2023 and the Board of Directors approved a base salary of \$500,000 per annum for her period as Interim CEO and participation in the CEO Short-Term Incentive and Long-Term Incentive plans. CEO A's compensation was pro-rated to reflect the period of Interim CEO.

2023 CEO Compensation Disclosure Statement

The following table highlights the total direct compensation awarded to the CEOs in 2023.

	CEO B (January 1 to July 15)	CEO A (July 14 to December 31)
Base Salary	\$284,762	\$250,000
Variable Compensation		
Short-Term Incentive 2023	n/a	\$56,598
Long-Term Incentive 2022-2023	n/a	\$46,222
Total	\$284,762	\$352,820

CEO Short-Term Incentive (STI)

The CEO's Short-Term Incentive (STI) is based on the achievement of both organizational and individual objectives. A target STI for fiscal year 2023 was established at 50% of eligible earnings.

CEO A received \$56,598 based on the achievement of 2023 performance as Interim CEO from July 14 to December 31, 2023. The STI plan specifies that all payments under the plan are contingent on performance with Board oversight and approval for any payments under the plan. While the STI was earned for performance in fiscal year 2023, actual payment is made in fiscal year 2024 once fiscal year 2023 results are finalized.

CEO Long-Term Incentive (LTI)

The CEO is eligible for a Long-Term Incentive (LTI) Plan that is intended to align CEO interests with the long-term strategy of the organization. LTI grants are made at the conclusion of the discreet Two-Year Plan term. The Plan period is January 1, 2022, to December 31, 2023. At the start of each Two-Year Plan period, specific measures and targets are established and approved by the Board of Directors. The annual target for CEO is established at 70% of base salary.

The measures are tracked over the two-year period, with any payments under the LTI plan contingent on achieving the two-year measures.

The LTI plan award for CEO A for the period July 14 to December 31, 2023, at the conclusion of the 2022 – 2023 Two-Year Plan term, was \$46,222. The actual payment is made in fiscal year 2024.

Benefits and Perquisites

The health and wellness benefits provided by Vancity support health and wellness of our employees and their families. The CEO participates in the same flexible benefits program as employees that offer choice and flexibility in selecting health care and dental coverage, as well as core coverage that includes life and income protection.

CEO is eligible for transportation allowance and an additional health benefit of private medical health assessments.

Additional perquisites provided to staff (based on role in organization) can include staff accounts, staff rates on loans and mortgages, and transportation-related expenses.

Retirement Plan Benefits

The CEO participates in a registered pension plan called the Vancity Senior Management Retirement Plan (SMRP), and a non-registered supplemental employee retirement plan called the Vancity Senior Management Retirement Plan (SERP). Both plans provide a defined benefit pension. The SMRP is a contributory defined benefit pension plan. The SERP is an unfunded pension plan that provides retirement benefits that exceed the Income Tax Act maximums.

The pension payable from the SMRP and the SERP is determined based on the following provisions:

	SMRP	SERP
Member Contributions	An amount equal to the Defined Benefit Limit as defined under the Income Tax Act and Regulations.	Members do not contribute.
Employer Contributions	Vancity contributes to the SMRP as per the plan actuary's recommendation.	No employer required contributions.
Pension Formula	The formula used in determined the total annual pension is 2.0% of the Final Average Indexed Earnings (i.e., average of the highest thirty-six (36) months of earnings indexed by the Average Wage Index) for each year of credited service.	
Earnings	Member's annual base salary	
Normal Retirement Age	60	
Reduction for Early Pension Commencement	Members are eligible to commence their pension after reaching age 50. Pension is reduced by 0.25% for each full month that the member commences their pension before age 60.	
Form of Pension	<p>Member without a spouse: Pensions are paid for the life of the member or fifteen years, whichever is longer.</p> <p>Member with a spouse: Pensions are paid for the life of a member with two-thirds of the pension amount continuing to the retiree's spouse after the retiree's death.</p> <p>Optional forms of payment are available on an actuarially equivalent basis.</p>	
Pension Indexing	<p>Pension payments are indexed annually using the lesser of:</p> <ul style="list-style-type: none"> • Consumer Price Index (CPI) inflation; or • The net investment rate of the Retirement Plan fund less three and one-half percent (3.5%). <p>Indexing cannot be a negative rate (e.g. there is a floor at 0%). If increases at CPI cannot be granted due to insufficient investment returns in a year, it is carried forward and granted in future years if investment returns are sufficient</p>	

Termination Benefits

Contractual severance provisions include one-year notice of termination or pay in lieu plus one additional month's notice or pay in lieu for each additional full year of employment to a maximum of eighteen (18) months' notice or pay in lieu. For purposes of calculating amounts earned in the year of termination under the incentive plan in place at the time of termination, the calculation will be based on the eligible amounts earned in the year of termination to the last full fiscal quarter.

The actual amounts that a CEO would receive upon termination can only be determined at the time they leave Vancity.