

2022

Governance Report

Gulf and Fraser Fishermen's Credit Union
Year ended December 31, 2022

GULF AND FRASER FISHERMEN'S CREDIT UNION
2022 ANNUAL REPORT

**Governance
Report**

Our credit union experienced another successful year in 2022 as we worked together to serve our members across the province of BC, support our employees, and give back to our communities.

Throughout the year we worked to integrate VP Credit Union and Mount Lehman Credit Union into our operations and get to know our newest members, while ensuring we continued to offer the personal service our legacy members rely on.

Members started seeing the benefits of mergers when we launched a new line of demand accounts, a Member Rewards Program and a new line of Collabria Mastercards. We also increased our investment in community and supported more organizations across the Fraser Valley and southeastern BC, while investing \$1.5 million back into the Gulf & Fraser Foundation for future giving.

Effective January 1, 2023, our credit union family had expanded by another 8,000 members through our merger with Grand Forks Credit Union.

The Board of Directors (The Board) demonstrate a standard of progressive corporate governance committed to the continuous evolution of their oversight practices enabling a standard of governance excellence. The Board envisions the credit union becoming the primary source of, and first choice for, financial products and services for our members through service excellence. As Directors and as a Board, this vision will be achieved through continuous improvement and professional development.

The Board continues to strengthen board and individual director development ensuring that their knowledge and skills are relevant to our dynamic industry. During 2022, the Board initiated a number of education sessions including Business Continuity Planning & Disaster Recovery and Cybersecurity. Directors completed a variety of courses through the Institute of Corporate Directors, with a number of Directors having achieved or in the process of achieving their ICD designation. The Board of Directors also have industry subject matter experts present on a variety of current and emerging topics ensuring the directors remain well informed. Also in 2022, Directors represented Gulf & Fraser through various industry events such as the Central 1 Annual General Meeting, Canadian Credit Union Association (CCUA) National Conference, and World Credit Union Conference.



During the summer of 2022, the Board of Directors provided oversight and participated in the strategic planning process. In the fall, the Board reviewed the three-year strategic plan with management to reaffirm key priorities, organizational goals and commitments to enable the credit union to continue to grow and provide exceptional service to our members.

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. The Board is committed to adopting processes and policies to ensure transparency and accountability in decision making, ethical business practices and a commitment to community and social development.



BOARD OF DIRECTORS

Mandate

PURPOSE

Directors are responsible for representing the collective interests of the membership. This is accomplished by providing oversight over the affairs of the credit union. Directors must ensure that they carry out their responsibilities in accordance with established standards and applicable legislation. This includes completion of all information requests, disclosures, and other requirements as mandated by legislation. Directors are individually accountable for the decisions of the Board.

In representing the collective membership of the credit union, there are four primary areas of responsibilities:

1. Diligence in performing their Directors' function
2. Overseeing prudent risk management and safeguarding of members assets
3. CEO performance & selection
4. Strategic planning oversight
5. Loyalty to the credit union, its' membership and anyone affected by decisions of the Board and the activities of the credit union

ROLE OF THE DIRECTOR

The role of a Director includes:

- Representing the collective membership and governing the credit union within the framework of relevant legislation and regulations;
- Monitoring and providing oversight over credit union affairs on behalf of members;
- Providing policy direction to ensure preservation of the collective best interests of the membership;
- Participating in setting the strategic direction, ensuring allocation of adequate human and financial resources;
- Promoting the credit union within the community; and
- Providing oversight and monitoring of the credit union on behalf of its' members.

The Board derives its authority as a group, through the Board, not as individual Directors, and as individual Directors they have no legal authority to act on behalf of the credit union except when the authority and responsibility for a specific task is delegated by the Board.



MEETING ATTENDANCE

The Board recognizes that to carry out their Directorship responsibilities effectively, they must be committed to attending and being prepared for all Board meetings and meetings of those Committees of which they are members. Directors are expected to review all meeting material and prepare in advance for each meeting, rather than relying on the opinions of others. If anything is unclear, clarification and explanation should be sought from the applicable resource person prior to the meeting.

Composition

In accordance with our Rules, the Board is comprised of no fewer than nine (9) Directors, with each Director elected for a three-year (3) term to a maximum of four (4) consecutive terms. Directors are elected by democratic process where members vote in accordance with our Rules with the results being announced at the Annual General Meeting.

Presently, the Board is comprised of twelve (12) Directors. Following the successful merger of Grand Forks Credit Union (GFCU) and Gulf & Fraser, and pursuant to the Asset Transfer Agreement, an additional one (1) Director was appointed to the Gulf & Fraser Board. The Gulf & Fraser Board of Directors voted on the resolution to appoint the new Director as an additional director effective January 1, 2023 for a term expiring at the close of the second annual general meeting following January 1, 2023 and confirmed the appointment of the one (1) GFCU Director to the Gulf & Fraser Board, bringing the total number of Directors to thirteen (13).

Independence

ROLE OF THE BOARD

As visionary leaders of the organization, the Directors undertake their responsibilities with an appreciation for the credit union's history and roots, a view to the future and consideration of the best interests of its membership and the communities that are served. The Board guides the strategic direction of the credit union through the creation of the credit union's vision and mission, and they act in a manner consistent with the credit union's values.

The Board is committed to carrying out its activities in a manner that reflects the principles of integrity, teamwork, excellence in member service, open communication within the organization and efficient, prudent management of the credit union. In addition, the Board acts independently of management in carrying out its duties and responsibilities.



Fiduciary Responsibilities

The Board has the power and obligation to act for the credit union and, therefore, holds a position of trust. This type of association based on trust is called a fiduciary relationship. A fiduciary is one that stands in a special relation of trust, confidence, or responsibility in certain obligations to others.

The Board carries out its fiduciary duties with care, diligence and skill. The Board operates in good faith and with the best interests of the credit union in mind.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board's trusteeship function includes responsibility:

- To act on behalf of the members to safeguard their funds deposited in the credit union. This includes monitoring the CEO's Office stewardship over credit union operations, and arranging for the periodic audit and appraisal of the financial affairs of the credit union
- To ensure that the credit union operates within the law, including the Credit Union Incorporation Act and Regulations and Financial Institutions Act and Regulations, the British Columbia Business Corporations Act and Regulations, and in accordance with the Credit Union's own Rules
- To ensure that the Board observes and upholds the policies by which it determines how it will conduct itself

The Board's perpetuation function includes responsibility:

- To ensure that a capable and qualified Board is perpetuated by the recruitment of suitable members for positions as Directors of the Board, and ensuring ongoing training is provided for Directors
- To ensure that plans are in place for the orderly succession of the CEO's Office and key executives in the event of both planned and unplanned events
- To select the CEO's Office, evaluate their performance and ensure that the CEO's Office is appropriately compensated

The Board's decision-making function includes responsibility:

- To define the mission of the credit union, establish strategic objectives, and to formulate, approve and monitor the execution of general policies



The Board's review and monitoring function includes responsibility:

- To review, in conjunction with the CEO's Office, strategic plans which will achieve the credit union's objectives
- To monitor, review, and evaluate adherence to annual budgets
- To monitor, review, and evaluate changes in capital structure and contingent liabilities
- To establish the overall risk appetite for the credit union
- To monitor, review, and appraise major individual projects and programs, significant changes in policy, changes in organization and structure, and lawsuits of a material nature
- To monitor, review, and appraise the credit union's performance relative to its plans and objectives
- To monitor, review, and appraise adherence to policies, plans and objectives

The Board's advisory function includes responsibility:

- To report to the membership, through the Board Chair, on the condition and progress of the credit union and to make recommendations on matters such as those related to changes in the credit union's Rules, structure of the organization, name changes, mergers, and acquisitions
- To actively participate in the democratic structure of the credit union and co-operative industry and bring forward issues and concerns for the betterment of all credit unions and cooperatives

The Board's external/public leadership function includes the responsibility:

- To promote and defend, through the Board Chair, the credit union, its management and Board
- To enhance the image of the Credit Union by participating in and supporting worthwhile social and economic endeavours
- To do so in a manner consistent with the credit union's values and other Board policies

More specific duties of the Board include the following:

- To require management to present strategic plans, business plans, budgets and policies to the Board for approval
- To seek out the professional opinion and advice of management
- The selection of legal counsel, appraisers and other professionals as related to matters of governance
- The selection of auditors
- To identify the Board's information needs and assure timely flow of requested information
- To direct committees and review and approve the Terms of Reference of committees



- To provide direction to the CEO's Office through ad hoc or standing committees of the Board on credit union objectives and philosophy
- To establish Board committees and review committee structure as required
- To establish a transparent and independent evaluation process to compare Board candidates on the basis of required skills and qualities
- To receive reports and minutes of committees
- To review and approve recommendations from committees and management
- To approve the annual report, the annual audited financial statements and year-end capital adequacy return
- Subject to legislative restrictions, delegate any or all of the foregoing duties

Accountability

The Board is accountable to the membership of the credit union.

The Board shall report directly to the membership of the credit union at least annually and shall place before the membership its annual report, audited financial statements, and other information as required by the Credit Union Incorporation Act and Regulations and the Rules of the Credit Union.

Records and Reporting

Under the British Columbia Business Corporations Act and Regulations, minutes of every Board meeting must be recorded and kept on file at the credit union office. A complete meeting record will be maintained by the Recording Secretary and is available to any Director and the CEO's Office. The minutes will contain information regarding the deliberations, decisions and actions of the meeting.

The minutes of each Board meeting are prepared and distributed in a timely fashion to the Board Chair and each Director.

Purpose and Authority

The Board represents the members of the credit union and is responsible for monitoring the performance of the credit union. The purpose of the Board is to ensure the sound management and operation of the credit union for the benefit of the collective membership and depositors to whom the Directors owe a fiduciary responsibility.



GOVERNING LEGISLATION AND REGULATION

The credit union is established under the legislation of the Province of British Columbia. It is regulated by the British Columbia Financial Services Authority (BCFSA). Key legislation that regulates the operations of the credit union includes: the Financial Institutions Act and Regulations, the Credit Union Incorporation Act and Regulations, and the applicable sections of the British Columbia Business Corporations Act and Regulations. It is a requirement of the legislation that the credit union provides to BCFSA monthly, quarterly, and annual reports and filings, and other such reports as may be requested.

BOARD COMMITTEES

The credit union has Statutory and Standing committees that are responsible for carrying out both legislated and delegated functions as described in each committee's Terms of Reference.

As per the Financial Institutions Act and Regulations, the Board elects the Audit and Risk Committee, the Conduct Review Committee, and the Investment and Lending Committee. All other standing committees are either elected or appointed by the Board.

The committees meet regularly throughout the year and are required to provide timely reports and recommendations to the Board. Each committee follows an Annual Workplan based upon its Terms of Reference to confirm that it meets its duties and responsibilities as required by legislation and fulfills its mandate. A brief overview of each Committee's mandate is as follows:

AUDIT & RISK COMMITTEE

The purpose of the Audit & Risk Committee is to assist the Board of Directors in fulfilling its obligations and oversight responsibilities related to the audit process, financial reporting, internal controls and enterprise-wide risk management. The Audit & Risk Committee meets regularly with both the internal and external auditors.

CONDUCT REVIEW COMMITTEE

The purpose of the Conduct Review Committee is to establish and to ensure adherence to procedures designed to prevent conflicts of interest, resolve them if they occur, and to review and approve specific transactions and classes of transactions between the credit union and related parties. The Committee may require the attendance of the corporate counsel at any meeting of the Committee.



INVESTMENT AND LENDING COMMITTEE

The purpose of the Investment and Lending Committee is to establish prudent investment and lending policies and ensure procedures are followed and on a regular basis review asset quality, new loan reports and delinquent accounts.

ELECTION COMMITTEE

The purpose of the Election Committee is to ensure that elections for Directors are conducted in a manner that fulfills the requirements of the Credit Union's Rules for elections and related legislation and to ensure there are a sufficient number of qualified candidates for election each year as required by the Rules of the Credit Union. Annually, the Board identifies its requirements to govern the credit union effectively. Based on these needs, the Election Committee actively recruits candidates who will make a positive contribution to the credit union and Board. The Election Committee presents to the Board a list of strong candidates, including current incumbents. The Election Committee carries out this process consistent with the Credit Union's Rules, regulatory and legislative requirements.

GOVERNANCE, COMPENSATION AND HUMAN RESOURCES COMMITTEE

The Governance, Compensation and Human Resources Committee is charged with reviewing, developing and recommending any changes to Governance and/or to the By-laws of the credit union to the Board of Directors. The Committee reviews and recommends approval for Gulf & Fraser's overall compensation philosophy as well as all compensable and non-compensable plans that make up the Co-CEO's total rewards. The Committee recommends the comparable markets used for "benchmarking" compensation to a comparator group. The Committee reviews compensation trends and the linkage to performance as well as oversees incentive plan design and eligible participants. The Committee is also responsible for ensuring an effective process is in place for Succession Planning and Executive development.

Board Advisory Steering Committee

The Board has also appointed ad hoc committees of the Board to have focussed attention on the various mergers undertaken by the credit union from time to time.

CREDIT UNION SUBSIDIARY



Gulf and Fraser Insurance Services Ltd. is a wholly owned subsidiary of the Credit Union. It is in the business of offering wealth management advice services, business group insurance, life insurance, and living benefits solutions to its members.



CORPORATE GOVERNANCE DISCLOSURE

DIRECTOR BACKGROUND

Current Directors

As of December 31, 2022, the Gulf & Fraser Directors are:



Name:	Floyd Yamamoto, President and Board Chair Director since: 2007 Current term: 2022-2025
Background/ Experience:	Through his work at Gulf & Fraser, Stabilization Central Credit Union, and over 25 years of experience as an IT professional, Floyd has a solid understanding of the credit union system, board governance, and information technology. Floyd is a member of the Institute of Corporate Directors, owns and operates Sansei Consulting, and is a Co-Founder of Muoola a new social media start-up company.
Committees:	Audit Committee Conduct Review Committee Election Committee Governance, Compensation & HR Committee Investment and Lending Committee Strategic Planning Committee Board Advisory Steering Committee
Other Board Appointments:	City of Richmond Advisory Committee on the Environment Wisteria Senior Health and Housing Society YVR Environmental Advisory Committee



Name:	Doug Sweeting, Vice Chair Director since: 2021 Current term: 2021-2024
Background/ Experience:	Doug has over 40 years of experience in the financial service industry, working with insurance companies, credit unions, securities dealers, and a bank. He has owned several insurance agencies and developed wealth management divisions for BC credit unions. He is actively involved with non-profit organizations and is currently a member of the board with; CCS, BCY region and LAPS (Langley Animal Protection Society). He is a Portfolio Manager with a National IIROC regulated securities firm. Doug holds CFP (Certified Financial Planner) and CIM (Chartered Investment Manager) designations.
Committees:	Audit and Risk Committee Investment and Lending Committee Election Committee Board Advisory Steering Committee Strategic Planning Committee
Other Board Appointments:	Langley Animal Protection Society
Education:	Certified Financial Planner (CFP) Chartered Investment Manager (CIM)





Name: Linda Archer, Director
Director since: 2019
Current term: 2022-2025

Background/ Experience: Linda’s background in the credit union system and cooperative sectors provided her the opportunity to develop an appreciation for and understanding of cooperative values and the credit union business model, operations, and governance. Linda has over 30 years of professional and executive experience including the credit union system and with the City of Vancouver, supplemented with formal governance education through the Institute of Corporate Directors. Her governance background includes positions as board and committee chair. She volunteers developing and facilitating credit union governance education nationally and internationally.

Committees: Conduct Review Committee
Strategic Planning Committee
Governance, Compensation & HR Committee
Board Advisory Steering Committee

Other Board Appointments: N/A



Name: Lewis Bubl , Director
Director since: 1997
Current term: 2021-2024

Background/ Experience: Lewis is very active in the business and sporting communities, as well as in the fishing industry. He is also a co-owner of the Vancouver Giants Western Hockey League team and also owns and operates Winning Edge Management Inc.

Committees: Conduct Review Committee
Board Advisory Steering Committee
Strategic Planning Committee

Other Board Appointments: President and Chair of the Board of Pacific Coast Fishermen’s Mutual Marine Insurance Company
Past Chair of the BC Salmon Marketing Council
2019 IIHF World Junior Hockey Championship Playmaker



Name: Christine Dacre, Director
Director since: 2016
Current term: 2022-2025

Background/ Experience: Christine is a Chartered Professional Accountant and currently employed at TransLink as Chief Financial Officer. Christine oversees the finance, treasury, budgeting and forecasting, strategic sourcing, capital, and long-range financial planning functions of the region-wide multimodal transit network. She is also responsible for risk management and sustainability functions of the TransLink Enterprise. Other board positions she holds include the Transportation Property & Casualty Company Inc, and British Columbia Rapid Transit Company Ltd., and Organized Crime Agency of B.C. Christine completed the Institute of Corporate Directors program and received the ICD.D designation in December 2020.

Committees: Audit and Risk Committee
Election Committee
Governance, Compensation and HR Committee



Other Board Appointments: Transportation Property & Casualty Company Inc,
British Columbia Rapid Transit Company Ltd.,
Organized Crime Agency of B.C

Education: Chartered Professional Accountant (CPA)
Institute of Corporate Directors, Director (ICD.D)



Name: Nate Hampson, Director
Director since: 2021
Current term: 2021-2024

Background/ Experience: Nate has worked in the technology industry for 15 years. In that time, he has built a successful consultancy firm that has helped hundreds of businesses build strategy and cope with change around technology and digital transformation. This includes businesses and not-for-profits in the medical, legal, financial, education, agriculture, manufacturing, and various other sectors. He is passionate about building sustainable organizations that provide a social good.

Committees: Audit Committee
Investment and Lending Committee
Election Committee

Other Board Appointments: N/A

Education: Bachelor of Science - Computer Science (BSc)



Name: Bill Nohr, Director
Director since: 2011
Current term: 2020-2023

Background/ Experience: Bill has been a member of Gulf & Fraser since 1979 and has served on the Board since 2011. He held Senior Management roles for 25 years with Volvo Penta Canada with a focus on product marketing as well as developing and managing corporate budgets. Bill has extensive experience in the non-profit sector in the area of direct service and fundraising. Currently semi-retired, he spends time doing volunteer work in the community.

Committees: Conduct Review Committee
Investment and Lending Committee

Other Board Appointments: N/A





Name:	Howard Normann, Director Director since: 1996 Current term: 2021-2024
Background/ Experience:	Howard was employed by the City of Vancouver/Vancouver Park Board for over 40 years and was responsible for overseeing its city-wide park operations and finished his career as the Director of Parks. Howard firmly believes that good corporate governance is the foundation of a successful organization and that the Board of Directors must continue to be accountable to the membership by showing strong leadership and solid business judgement.
Committees:	Audit Committee Conduct Review Committee Election Committee
Other Board Appointments:	N/A
Education:	Certified Credit Union Director (CCD)



Name:	David Sawatzky, Director Director since: 2021 Current term: 2021-2023
Background/ Experience:	David has served in governance and leadership roles in various organizations, most notably as President of the Mission Regional Chamber of Commerce (MRCC). During his time at the MRCC, his experience in authoring policy resolutions and building consensus helped his Board of Trade to gain both provincial and national recognition. He is a champion of the cooperative movement, and prior to his appointment to Gulf & Fraser's Board of Directors, he was honoured to serve on the Board of Aldergrove Credit Union.
Committees:	Investment and Lending Committee Governance, Compensation and HR Committee Strategic Planning Committee
Other Board Appointments:	N/A



Name:	Tracey Scott, Director Director since: 2021 Current Term: 2021-2023
Background/ Experience:	Tracey has spent over 25 years in the construction sector in a variety of positions from Business Owner, Operations Manager and Production & Logistics Manager to her current role as Project Manager (Quantum Properties). These positions collectively provided experience in material purchasing, project tendering, contract management, Human Resources, cost management, and general accounting practices. Tracey also spent 8 years in the hospitality sector in various roles including Reservations & Revenue Supervisor and Accounting Administrator, which provided experience in the revenue streams of the hotel industry and management of strata owned properties.
Committees:	Audit and Risk Committee Strategic Planning Committee



Other Board Appointments: N/A

Education: Gold Seal Intern (GSI)
Diploma, Project Management
CCUA Governance Training



Name: Lee Varseveld, Director
Director since: 2014
Current term: 2020-2023

Background/ Experience: Since 2009, Lee has served as General Manager of Pacific Coast Fishermen's Mutual Marine Insurance Company in Burnaby. He has been with the company since 1992. Lee holds the professional designations of Chartered Insurance Professional (CIP) and Certified Credit Union Director (CCP).

Committees: Audit Committee
Governance, Compensation and HR Committee
Strategic Planning Committee
Board Advisory Steering Committee

Other Board Appointments: Fishermen Helping Kids with Cancer (non-profit corporation)

Education: Certified Credit Union Director (CCD)
Chartered Insurance Professional (CIP)



Name: Sonia Virk, Director
Director since: 2014
Current term: 2020-2023

Background/ Experience: A professional lawyer with a focus in corporate and commercial law, Sonia obtained her B.A. (Law) and LL.B. degrees from Guru Nanak Dev University in Punjab, India, as well as a second LL.B degree from the University of New Brunswick. She co-founded law firms Joomratty & Virk and Virk Viyas & Associate Lawyers. Sonia also serves on the Board of Directors of the Surrey Hospitals Foundation.

Committees: Conduct Review Committee
Investment and Lending Committee
Strategic Planning Committee

Other Board Appointments: Surrey Board of Trade's Surrey Women in Business Award Winner 2017 – Professional Category
Surrey Hospitals Foundation

Education: Bachelor of Arts – Law (B.A. Law)
Bachelor of Laws (LL.B)
Institute of Corporate Directors, Director (ICD.D)

DIRECTOR COMPENSATION DISCLOSURE

The Gulf & Fraser Board of Directors Compensation Philosophy is designed to attract and retain Board members with the necessary professional skills and experience to provide good governance and oversight. Gulf & Fraser is



a dynamic organization in a highly competitive market within an industry sector which itself is subject to transformational change and innovation in how it interacts with its current and future members. This requires that Directors be adequately and competitively compensated. The amount of compensation is reviewed every two years with an independent consultant. When determining the appropriate level of compensation the Directors consider:

- The values, vision and mission of Gulf & Fraser,
- The level of responsibility and time commitment required of Directors, and
- The need to attract and retain Directors with the skills and attributes required to advance Gulf & Fraser’s business model and strategic plans and to control its risks

<p>ANNUAL COMPENSATION</p>	<p>Benchmark: The Board has set its compensation based on a benchmark group of at least 8 Canadian credit unions who align with our asset size and operate in a similar market for remuneration. The intention is to pay at the median of this market and to review compensation levels every two years. The Board takes into account several considerations when it reviews Director compensation, including compensation practices at other credit unions, the opportunity cost of the expected time commitment by Directors, and the risk and responsibilities involved. They ensure that all considerations align with trends and proper governance in the credit union industry. Gulf & Fraser benchmarks its Board compensation based on “total” compensation and makes decisions on its compensation based on an honorarium only method.</p> <p>The total compensation paid to directors for 2022 was \$352,667</p>
<p>ADDITIONAL COMMITTEE COMPENSATION</p>	<p>The compensation for attending Board Advisory Steering Committee (ad hoc committee) meetings as a Director is as follows:</p> <ol style="list-style-type: none"> 1) Up to 3 hours: \$200 per meeting 2) 3+ hours: \$400 per meeting
<p>BOARD CHAIR HONORARIUM</p>	<p>The honourarium paid to the Board Chair is \$45,200.</p>
<p>VICE CHAIR HONORARIUM</p>	<p>The honourarium paid to the Vice Chair is \$27,300.</p>
<p>AUDIT COMMITTEE CHAIR ADDITIONAL STIPEND</p>	<p>The additional stipend paid to the Audit Committee Chair is \$3,250.</p>
<p>COMMITTEE CHAIR ADDITIONAL STIPEND</p>	<p>The additional stipend paid to the Committee Chair is \$2,750.</p>
<p>DIRECTOR</p>	<p>The honourarium paid to Directors is \$23,000.</p>
<p>EXPENSE REIMBURSEMENT</p>	<p>Gulf & Fraser recognizes that Directors will incur expenses as they carry out their duties during the Board year. Directors are expected to exercise discretion and good judgment in determining what is a reasonable expense to be incurred on behalf of the credit union and demonstrate a good example for the use of credit union resources. Expenses include Director education and development, industry conference attendance and out of pocket expenses.</p>



**BENEFITS
AND PERQUISITES**

Directors may participate in the benefits program designed through the credit union Pension & Benefits Trust for Credit Union Directors. Directors pay all of the applicable premiums. While Directors are encouraged to use the products and services of Gulf & Fraser, they do so under the same terms and conditions as all other members of the credit Union.

For the year 2022, the compensation received for each Director is outlined in the table below, along with their meeting attendance.

The total compensation includes the Annual honorarium and the compensation for attending the Board Advisory Steering Committee (ad hoc committee) meetings.

NAME	ROLES	BOARD MEETINGS ATTENDED	COMMITTEE MEETINGS ATTENDED	TOTAL COMPENSATION	EXPENSE REIMBURSEMENT
Floyd Yamamoto ¹	Board Chair	11 of 11	42 of 49	\$44,518	\$5,847
Doug Sweeting	Vice Chair	11 of 11	37 of 40	\$33,100	\$5,136
Linda Archer	Director	11 of 11	19 of 21	\$27,550	\$1,534
Christine Dacre	Director	11 of 11	14 of 15	\$25,750	\$0
Bev Dornan ²	Director	4 of 5	2 of 3	\$6,508	\$0
Nate Hampson	Director	10 of 11	11 of 11	\$24,972	\$0
Bill Nohr	Director	11 of 11	9 of 9	\$25,750	\$173
Howard Normann	Director	11 of 11	12 of 12	\$25,750	\$0
David Sawatzky	Director	10 of 11	9 of 13	\$23,000	\$0
Tracey Scott	Director	10 of 11	8 of 8	\$23,000	\$3,560
Lee Varseveld	Director	11 of 11	27 of 28	\$29,109	\$0
Sonia Virk	Director	10 of 11	11 of 14	\$25,750	\$0
Lewis ³ Buble	Director	9 of 11	17 of 23	\$30,482	\$1,092

¹



Jennifer Phipps ⁴	Director	6 of 6	3 of 3	\$7,428	\$0
Board General ⁵					\$155,517
Total Expenses					\$172,859

1 Chair since April 13, 2022

2 Bev Dorman ceased to be a member of the Board effective April 12, 2022

3 Chair until April 13, 2022

4 Jennifer Phips ceased to be a member of the Board effective April 12, 2022

5 Includes technology, facilitation, meals, annual planning session, and legal.



CORPORATE GOVERNANCE DISCLOSURE

CEO COMPENSATION DISCLOSURE

Gulf & Fraser's Executive compensation is overseen by the Governance, Compensation and Human Resources Committee of the Board of Directors. The Governance, Compensation and Human Resources Committee makes recommendations to the Board about:

- Total Compensation Philosophy
- Total Compensation for the CEO's Office
- Structure and plan design for key elements of compensation
- Total compensation for the CEO's Office based on performance

The Governance, Compensation and Human Resources Committee retains independent compensation expertise to provide advice on the elements, structure and amount of CEO total compensation.

GULF & FRASER'S COMPENSATION PHILOSOPHY

Gulf & Fraser's Total Compensation Philosophy applies to all employees and is based on a pay for performance philosophy. It is intended to attract and retain talented employees and ensure compensation levels are competitive and fair. Therefore, Gulf & Fraser offers a Total Compensation Program that is comprehensive, competitive in the marketplace and recognizes exceptional talent.

Gulf & Fraser takes a broad view towards total compensation including monetary and non-monetary programs that reflect our vision, values, and strategies. Programs are designed to ensure employees act as a team, perform to the best of their capability, and consider members in decisions and actions. Gulf & Fraser's Compensation Philosophy provides the guiding principles for designing and delivering an effective reward program to attract, retain and engage employees.

Gulf & Fraser's Total Compensation Program:

- Strikes a balance between market competitiveness and internal equity
- Aligns the interests of our employees with Gulf & Fraser's business goals and our members' interest
- Is competitive with that of peer companies where Gulf & Fraser competes for talent



CEO'S OFFICE

Gulf & Fraser's CEO's Office is predicated on a Co-CEO model where leadership for the organization is a shared responsibility. The Co-CEOs bring complementary skills to the role and provide Gulf & Fraser with a broader set of experience and ideas, than would be otherwise possible, to develop the business strategy and make decisions.

The Co-CEO's total compensation is based on the guiding philosophy and principles that apply to all employees and includes all material elements of base salary, incentives, and benefits (including vacation, perquisites and retirement savings program).

	William Kiss	Jeff Shewfelt
ACTUAL BASE SALARY PAID	\$440,626	\$440,626
SHORT TERM INCENTIVE PAID FOR 2022	\$264,360	\$264,360
TOTAL	\$704,986	\$704,986

The Governance, Compensation and Human Resources Committee have recommended an approach to compensation for the CEO's Office that the Board has approved. The CEO's compensation comparator group is drawn from the Canadian credit unions who align with our asset size and operate in a similar market for remuneration. The Co-CEO salary range is established based on the 25th percentile for the comparator group as described.

BASE SALARY

Base salary is determined for the CEO's Office by the Board of Directors and is reviewed annually. Any changes to base salary applies equally to the Co-CEO's. Base salary progression is based on a pay for performance philosophy.

The salary range is reviewed by the Board of Directors at least every three years to ensure it remains market competitive.

INCENTIVE PROGRAM

The total compensation package for the Co-CEOs includes a base salary in line with the median of the designated comparative group and a target short term incentive program designed to reward the achievement of annual organizational performance objectives.



The Co-CEOs participate in the Management Short Term Incentive Plan (STI Plan) that rewards performance against a predefined set of objectives that are reviewed and approved annually by the Board of Directors. The plan is designed to ensure that we are not incenting behaviours which would create risk for our members or the sustainability of Gulf & Fraser.

The metrics under the plan consider member and employee engagement with Gulf & Fraser, the operational efficiency, financial performance, achievement of business initiatives and asset growth that together provide a balanced approach to assessing organization success. Payments under the STI Plan are contingent on achieving a threshold level of performance. The performance results are determined for the CEO's Office and shared equally by the Co-CEOs. Maximum payout is 40% of base salary. For 2022 performance, each CEO's STI Plan was \$264,360 which represents 40% of salary plus executive leverage of 50%.

BENEFITS AND PERQUISITES

Gulf & Fraser provides comprehensive benefits to support employees and their families with health, retirement and other work-related benefits to address their unique needs. A healthy and secure workforce is best able to contribute to the accomplishment of our business performance objectives. Gulf & Fraser's commitment to work life balance is evident in our vacation allowance, benefits and unique employee events.

The Co-CEOs participate in the benefits programs that are offered to all employees of Gulf & Fraser. The comprehensive Flexible Health Benefits Program can be tailored to the individual benefit needs based on the allocation of flex credits provided. The level of the plan varies by salary level due to income insurance benefits included under the flexible plan. The plan encompasses extended health care, dental care, life insurance, accidental death and dismemberment insurance, short and long term disability, employee and family assistance plan and provincial health.

The Co-CEO's each have an annual perquisite allowance of up to \$18,000. The Executive Perquisite Program is designed to support the Co-CEOs with business related expenses such as a taxable vehicle allowance and other taxable and non-taxable choices.

RETIREMENT INCOME PROGRAM

The Co-CEO's participate in the Registered Retirement Savings Plan (RRSP) designed for all Gulf & Fraser employees. They receive 10.5% of their base salary contributed to their Gulf & Fraser RRSP up to the limit allowable under the Canada Revenue Agency (CRA) guidelines. Any amount in excess of their RRSP limit is accrued into a Supplementary Executive Retirement Plan (SERP). The SERP was



introduced on January 1, 2017 for the Co-CEO's and provides for the benefits in excess of the Income Tax Act maximum.

OTHER EMPLOYMENT TERMS

The Co-CEO's employment contract stipulates that if their employment is terminated for cause, no notice, salary, benefits or bonus are owed to them. If their employment is terminated without cause, there is a 24 month severance package (including salary, RRSP, incentives and benefits) owed to them.

EXECUTIVE TEAM

The Gulf & Fraser Executive Team is comprised of the following individuals. For more information on these individuals, visit <https://www.gulfandfraser.com/about-us/governance>

William Kiss, Co-CEO

Jeff Shewfelt, Co-CEO

Mary Lynn Baker, Chief Information Officer

Scott Betts, Chief Risk Officer

Bobby Dhillon, Chief Marketing Officer

Ron Lee, Chief Financial Officer

Nelson Sandhu, Chief Experience and Innovation Officer

Wajida Leclerc, Chief People and Culture Officer

Michael Atkinson, Senior Vice President, Member Experience and Advice

INTERNAL AUDIT

Internal Audit at Gulf & Fraser reports administratively to the CEO's Office, and functionally to the Audit Committee of the Board of Directors. This reflects the dual mandate of Internal Audit to provide control assessment and services to management, and to provide assessments of the adequacy of the internal control system and management of risk to the Audit Committee.

The Internal Audit group maintains their independence through the exercise of objectivity and candor, while maintaining close communications and contact with all business units of the credit union.



AUDITORS

KPMG LLP
Chartered Professional Accountants
Vancouver, BC

The external auditor's responsibility is to express an opinion on the consolidated financial statements based on their audit. They conduct an audit in accordance with Canadian generally accepted auditing standards. Those standards require that they comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

CORPORATE COUNSEL

Powell, Gray & Kim LLP
Vancouver, BC

