

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:

Reputational Risk	<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>
Legal & Regulatory Risk	<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”.

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

	<ul style="list-style-type: none"> • Review the size, structure and composition of the Board and Board committees. • Develop and monitor an orientation program for directors. • Determine a professional development plan for directors based on the needs identified by the Board, its committees and individual directors. • Review director expenses. • 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. • Review the adequacy of directors' liability insurance, as well as any legal or regulatory matters that may affect the duties, responsibilities and potential liability of directors. • 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. • Review and approve qualifications and remuneration for non-director members of Board Committees. • Review and recommend to the Board appointments to subsidiary and affiliate boards, and non-director members of Board Committees. • With respect to the annual Board of Directors' election: <ul style="list-style-type: none"> - 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. - review and approve qualifications and remuneration for the non-director members of the Nominations and Election Committee (NEC); - review and present the NEC terms of reference for approval by the Board; - 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 - consider any requests for further information from the NEC about incumbent or former directors seeking election or re-election. • 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.
Governance – General	<ul style="list-style-type: none"> • Monitor regulatory guidelines pertaining to governance and the credit union system.

	<ul style="list-style-type: none"> • Monitor and consider trends in governance, and consider the implications of these trends to Vancity. • Monitor the effectiveness of Vancity’s governance framework. • Ensure the Board receives appropriate information and context about member needs to most effectively inform Board and Committee decisions. • Review the Chief Complaints Officer Report • Reviews and monitors the adherence to the Market Conduct Code Program. • Reviews the Board and Committee calendar and approves the calendar principles. • Ensure the Board of Directors’ Election: is rooted in Vancity’s three Guiding Principles: co-operative practices flourishing, environmental sustainability, and social justice with financial inclusion, for Building Healthy Communities, is aligned with Vancity’s values, and promotes member engagement in our democratic process. • Review annual Board budget. • Receive report confirming executive compliance with various statutory requirements. • 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. • Provides direction on the strategy and values applicable to Vancity’s Privacy Framework; and Reviews and monitors adherence to the Enterprise Privacy Policy. • With respect to the policies listed in Appendix A (“Annual Calendar of Committee Reports”): <ul style="list-style-type: none"> – review and approve policies, as listed, including any amendments thereto; and – specifically for the Ethical Principles for Business Relationships Policy: <ul style="list-style-type: none"> ▪ approve the ethical principles established within the policy; ▪ approve a listing of industry sectors that demonstrate poor alignment with the policy; and, ▪ where applicable, provide advice regarding industry sectors that demonstrate ambiguous alignment with the policy.
<p>Related Party Transactions, Conflicts of Interest, and Background Checks</p>	<ul style="list-style-type: none"> • Provide oversight of the process of gathering and maintaining a list of all related parties and conflicts of interest. • Review and monitor the processes established to identify and resolve conflicts of interest.

	<ul style="list-style-type: none"> • Receive summary reports regarding related party transactions, and provide a report of transactions reviewed and approved by the Committee to the Board. • Receive summary reports regarding conflicts of interest. • Approve related party transactions as required in accordance with the Related Party Transactions and Conflict of Interest Policy. • Approve transactions involving conflicts of interest in accordance with the <i>Related Party Transactions and Conflict of Interest Policy</i>. • Review any matters regarding related parties and/or conflicts of interest in respect of subsidiaries of Vancity, wholly owned or otherwise. • 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>. • Receive report regarding background checks on directors and senior management.
Directors' Code of Conduct	<ul style="list-style-type: none"> • 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. • Review the policy annually and updates as necessary.

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

Attachments

Appendix A: Annual Calendar of Committee Reports

APPENDIX A: ANNUAL CALENDAR OF COMMITTEE REPORTS

Report Name	Agenda ³	Type ⁴	Q1 Apr	Q2 Sept	Q3 Nov	Q4 Jan
STANDING ITEMS						
Committee Minutes	Consent	Decision	✓	✓	✓	✓
Calendar of Committee Reports and Work in Progress	Consent	Information	✓	✓	✓	✓
Chief Complaints Report	Consent	Information	✓	✓	✓	✓
Non-Credit Related Party Transactions	Consent	Information	✓	✓	✓	✓
Related Party Credit Transactions ¹	Consent	Information	✓	✓	✓	✓
Director Expenses	Consent	Information		✓		
Anti-Racism Governance Update	Regular	Information		✓		✓
Q* Impact Report	Regular	Information	✓	✓	✓	✓
POLICIES						
Background Checks for Board Members <i>(every three years)</i> -includes information report from past three years	Consent	Decision			2025	
Member Code of Conduct Policy <i>(every three years)</i>	Consent	Decision (B)			2027	
Whistleblowing Policy <i>(every three years)</i>	Consent	Decision (B)	2028			
Board Electronic Device Policy <i>(every three years)</i>	Consent	Decision				2026
Engaging Independent Advisors ¹ <i>(every three years)</i>	Consent	Decision			2027	
Ethical Principles for Business Relationships – includes an update on sectors not aligned.	Consent	Decision	✓			
Director Expense Policy <i>(every three years)</i>	Consent	Decision		2028		
Political Activities Policy <i>(every three years)</i>	Consent	Decision		2026		
Related Party Transactions and Conflicts of Interest ² <i>(every two years)</i>	Consent	Decision (B)		2027		
Directors' Code of Conduct	Consent	Decision	✓			
Employee Code of Conduct	Consent	Decision			✓	
Shared Success Community Funds <i>(every three years)</i>	Consent	Decision				2025
DISCUSSION ITEMS						
DISCUSSION ITEMS						

<i>Governance – Board, Committees and Directors</i>						
Committee and Committee Chair Appointments – Review Board Chair's Recommendations	Regular	Discussion (B)	✓			
Review the size, structure and composition of the Board and Board committees (<i>every three years</i>)	Regular	Discussion (B)			2025	
INFORMATION ITEMS						
<i>Governance – Board, Committees and Directors</i>						
New Director Orientation	Consent	Information	✓			
Director Professional Development	Consent	Information		✓		
Vancity subsidiary review	Consent	Information		✓		
Results of Committee Assessments (<i>every 2 years</i>)	Consent	Information		2025		
MCC Board Summary Report	Consent	Information			✓	
Director Liability Insurance	Consent	Information (B)			✓	
Emerging Regulatory Matters (if needed)	Regular	Information	✓		✓	
Central 1 Director Election Results	Consent	Information	✓			
Director Self-Assessment Form *(Explain that feedback received during this discussion will inform the changes brought forward in Q2, the review of Skills and Competencies)	Regular	Information		✓		

Terms of Reference for the Governance Committee

Report Name	Agenda ³	Type ⁴	Q1 Apr	Q2 Sept	Q3 Nov	Q4 Jan
DECISION ITEMS						
<i>Governance – Board, Committees and Directors</i>						
Committee Assessment (<i>biennially – next review 2025</i>)	Regular	Decision	2025			
MCC Annual Report: Annual Self-Assessment & Attestation	Consent	Decision (B)			✓	
NEC – Member Qualifications and Remuneration	Consent	Decision (B)	✓			
Appointment of VCIB Directors	Regular	Decision (B)	✓			
Appointment of VCIB Chair and Vice Chair	Regular	Decision (B)	✓			
Appointment of VCF Directors	Regular	Decision (B)	✓			
Appointment to Central 1 Board	Regular	Decision (B)				✓
20XX Board Goals	Regular	Decision (B)			✓	
Board and Committee Professional Development/Education	Regular	Decision (B)		✓		
Review of Skills and Competencies (Skills Matrix) ²			✓	✓		
Attributes and Experience Focus for 2025 Board of Directors Election	Regular	Decision		✓		
Appointment of non-director members to Nominations and Election Committee	Regular	Decision (B)		✓		
Market Code of Conduct	Regular	Decision (B)			✓	
Appointment of members to Director Remuneration ad hoc Committee (<i>every three years</i>)	Regular	Decision (B)		2024		
Board/Committee/ Director Assessment: approval of objectives	Regular	Decision			✓	
<i>Terms of Reference</i>						
Nominations and Election Committee	Consent	Decision (B)	✓			
Director Remuneration ad hoc Committee (<i>every three years</i>)	Consent	Decision (B)	2024			
Board	Consent	Decision (B)		✓		
Governance Committee	Consent	Decision (B)		✓		

Terms of Reference for the Governance Committee

Director, Board Chair, Board Vice Chair, Committee Chair, Committee Vice Chair	Consent	Decision (B)		✓		
--	---------	--------------	--	---	--	--

Report Name	Agenda ³	Type ⁴	Q1 Apr	Q2 Sept	Q3 Nov	Q4 Jan
<i>Governance – General</i>						
Board Budget	Consent	Information (B)				✓
Board Calendar	Consent	Information (B)		✓		
<i>Related Party Transactions and Conflicts of Interest</i>						
Conflicts of Interest reporting	Consent	Information	As needed			
<i>Directors' Code of Conduct</i>						
Review – Confidentiality Requirements	Consent	Information	✓			
IN-CAMERA ITEMS						
Committee in-camera minutes	In Camera	Decision	✓	✓	✓	✓
Incumbent Reports for Nominations and Election Committee	In Camera	Decision			✓	
Board Chair and Vice Chair Recommendations for next year	In Camera	Decision			✓	

- ¹ *The appendices for the Related Party Transactions report should be treated as in-camera material due to the confidential nature of disclosure provided.*
- ² *April review is to determine if changes required prior to circulation of director self- assessment*
- ³ *Reports marked as Regular or Consent are used as a guideline only. The Committee Chair and/or Executive Support may change this as necessary.*
- ⁴ *Approve items marked with a “(B)” require approval of both the Governance Committee and the Board.*