



A foggy view from Burnaby

2022 GOVERNANCE REPORT





Message from Prospera's Board of Directors

Prospera's Board of Directors recognizes the importance of, and is committed to, governance best practices. We know that good governance is essential to the success of an organization, as well as to maintain the trust and confidence of its stakeholders. Effective board governance is a continuous process of improvement that requires regular assessment and review to ensure it remains relevant and effective over time. This involves a readiness to adapt and evolve as Prospera's operating environment changes, and the ability to anticipate and respond to not only challenges but opportunities and emerging governance trends. The board's commitment to governance best practices and effective board governance is reflected in its activities throughout 2022.

Throughout 2022, the board provided oversight of a major merger promise to align all members onto one banking system before the end of the year. The board was actively engaged in overseeing this process, including monitoring progress against established milestones, assessing risk and controls, and reviewing key decisions through a clearly established governance structure. This important milestone was successfully completed in November.

The board is committed to corporate sustainability and recognizes the importance of environmental, social and governance (ESG) practices. Aligned with the organization's desire to create vibrant, healthy communities, thriving local enterprises and financially empowered people, the board made a commitment in 2022 to support management in advancing the organization's ESG work. The Governance and Nominations Committee's mandate was amended early in 2022 to include oversight of the development and implementation of Prospera's ESG framework to support Prospera's strategy, initiatives, risks and opportunities. This fundamental change is reflective of the board's dedication to ESG and the organization's commitment to continue to advance its ESG framework. The board's commitment includes ensuring it reflects on all governance practices and initiatives through an ESG lens. Oversight of ESG by the committee includes quarterly reporting by management

to ensure the board is well-informed of the organization's progress and better positioned to provide effective oversight.

In further support of the board's commitment to ESG and diversity, equity and inclusion (DEI), the committee also initiated an external review of the board's diversity statement to ensure its practical application and meaningful impact. This review is ongoing and now forms part of the board's 2023 workplan.

Early in 2022, the board completed its extensive and comprehensive review of Prospera's credit union rules, which was initiated in 2021 by the committee. Its objective was to modernize the rules, ensure they align with Prospera's strategic direction and enhance the foundation for sound governance practices. The board collaborated with the BC Financial Services Authority throughout the process and received consent in December 2022 to bring a special resolution to amend the rules to the membership for a vote in spring 2023.

As part of the board's commitment to governance best practices, the board engaged a governance consultant early in 2022 to facilitate a comprehensive board succession planning process to be informed by the 2021 board and director evaluation results. The process was effective in identifying qualified and skilled board members to succeed key positions, ensuring stability and continuity within the board to support and maintain a high-performance culture.

The board closed the first quarter of 2022 by reaching a significant milestone in its oversight and monitoring of the organization's integration process, by determining that it had delivered on the Integration Committee's mandate and thus, dissolved this committee at the March 10 meeting.

In the second quarter, the board held its 2022 Annual General Meeting (AGM) virtually, announcing the results of the director nominations and election process. As the nominations process resulted in three eligible candidates for three director positions, incumbents Catherine Roome, Art Van Pelt and Rita Virk were declared elected by acclamation.

At the start of the board's annual governance cycle, which commences at the close of the AGM, the board delivered on one of its key objectives and implemented the new board committee structure that was approved by the board in the fall of 2021. The purpose of this new structure was to align with the organization's strategic plan, better positioning the board to provide effective oversight of strategic priorities. The board was innovative in its approach and as part of the restructure, formed the Business Transformation Committee (BTC), which provides a direct link to the board's oversight of Prospera's digital transformation. The board recognizes data as a critical strategic asset and through BTC, has oversight of data management. BTC has highlighted data governance and data quality initiatives as a means to drive sustainable growth and value for members. The implementation of the new committee structure included a comprehensive review of the mandate of each restructured committee, resulting in an enhanced set of terms of reference. The board operated under the new committee structure for the remainder of 2022, and the new structure has proven to better support Prospera's strategic direction and support management in delivering on the organization's strategic priorities.

The board is committed to continuous improvement and launched its annual board evaluation process in the spring of 2022. The board-approved governance policy requires the board to evaluate its performance on an annual basis, to be facilitated by an independent consultant every two years. As the evaluation process was facilitated by an independent consultant in 2021, the 2022 evaluation was facilitated by the committee. As part of the evaluation process, the board reexamined its individual director accountability plans that resulted from the 2021 evaluation, adjusting the plans as necessary to support optimal director performance that aligns with Prospera's organizational values. The findings of the evaluation process serve to inform future board education, recruitment and succession planning.

In the third quarter, the board, together with management, worked to refine and refresh the organization's enterprise risk management framework (ERM) and risk appetite statement to act as the foundation by which the board oversees and monitors Prospera's risk profile. As risk influences strategy and performance, the refreshed framework emphasizes the importance of ERM in strategic planning and provides a closer connection between strategic decision-making and risk, all in support of Prospera's work to deliver on its strategic priorities.

The board recognizes the importance of cybersecurity in today's digital landscape and is committed to upholding high standards in this regard. Over the course of 2022, the board, in partnership with management, initiated a comprehensive review of its cybersecurity management policies to identify, assess and manage cyber risks and ensure alignment with financial industry best practices. The board remains vigilant and committed to continuously enhancing its governance practices to ensure the protection of Prospera and its stakeholders, with this work continuing in 2023.

In the fall of 2022, pursuant to its governance policies and best practices, the board held its annual governance session to conduct a fulsome review of its governance practices, including continuing its review and application of the recommendations that resulted from the 2021 board and director evaluation process. The board conducted a fulsome review of its workplan for the year, which included board succession and committee composition planning in consideration of the new directors who will join the board at the close of the 2023 AGM; reviewing and refining its objectives to ensure continued alignment with Prospera's strategic priorities and values; and the board's commitment to ESG and DEI, ultimately in an effort to ensure member value.

In October, the committee engaged a governance consultant to manage the 2023 director's nominations process. Reflective of the board's commitment to DEI, the committee, in partnership with the governance consultant, launched its call for director nominations, ensuring a balanced focus on business expertise and diversity. There was a great deal of interest from members and by the close of the nominations period on November 15, 2022, the committee had received 11 nomination applications. The committee, led by the independent governance consultant, underwent an extensive evaluation and interview process that included a methodology to preserve transparency and ensure the equitable treatment of all prospective candidates. This extensive process carefully considered the technical and business competencies, as well as the expertise and diversity of the candidates, and resulted in five candidates seeking election to the board in 2023, four of whom are being recommended by the committee.



The board is committed to corporate sustainability and recognizes the importance of environmental, social and governance (ESG) practices. Aligned with the organization's desire to create vibrant, healthy communities, thriving local enterprises and financially empowered people, the board made a commitment in 2022 to support management in advancing the organization's ESG work.

Throughout 2022, the board stayed focused on driving forward Prospera's strategic plan, through rigorous oversight in support of management's work to deliver on the organization's strategic priorities. The board's focus allowed them to deliver on numerous objectives and its leadership provided support as management navigated a challenging operating environment. The board closed 2022 with the approval of Prospera's 2023 Annual Operating Plan.

Overall, 2022 was another successful year as the board and management worked in partnership to ensure the organizational health of Prospera. The board attained an attendance rate of 97 per cent for all board and committee meetings throughout the year.

Moving forward, the board will continue to focus its activities on achieving our strategic priorities while ensuring that Prospera remains financially sound and well-positioned, so that together we can help build vibrant, healthy communities, thriving local enterprises and financially empowered people.

On behalf of the Board of Directors,

Art Van Pelt
Chair

April 2023

Governance principles

The Board of Directors has adopted the Governance Guideline, issued in September 2013 by the BC Financial Services Authority (BCFSA), as a primary assessment tool for its governance practices. The Governance Guideline sets out BCFSA's expectations of all British Columbia credit unions to practise sound governance and aims to assist the board with the exercise of its oversight function to ensure the sustainability of our credit union and to protect the interests of credit union members. It also sets out the principles and standards of sound governance practices to assist the board in exercising their duties and obligations. Principles form the foundation for good governance, and standards are the specific policies and procedures that are in place to achieve the objective of each principle. The principles of each area of governance, as set out in the Governance Guideline, to which our board measures itself, are set out below.

Risk appetite

By approving a written risk appetite, the board ensures that Prospera only takes on risks that are within its capabilities to manage. The credit union's risk appetite outlines the amount and type of risk a credit union is willing to accept to pursue its strategic planning and to manage its ongoing operations and drives the credit union's culture by embedding itself in functions and business activities at all levels.

Strategy, planning and performance

The board sets and approves the credit union's strategic plan and monitors the organization's performance against this plan. The approval process involves a thorough discussion of the advantages and disadvantages of possible strategic directions and includes challenging assumptions and identifying risks for each option. The strategic plan is connected to a credit union's risk appetite and sets out goals, objectives, timelines and performance indicators that are clear and specific enough to allow for effective monitoring and reporting of the credit union's performance to members and stakeholders.

Risk governance framework

The board's role is not to minimize risk, but to fully understand the credit union's risk exposure and to ensure that the processes and systems in place to control risk are appropriate given the strategic plan and operating environment.

A risk governance framework is the set of tools, policies and processes that a credit union has in place to identify, measure, manage and guide the amount of risk it is willing to accept in pursuing its strategic objectives. The board's role is to ensure a credit union's risk governance framework is:

1. Comprehensive
2. Adequately resourced
3. Forward looking
4. Informative
5. Strategic
6. Responsive
7. Effective
8. Monitored and communicated

Assembling an effective team

A credit union's success is determined by its talent and its culture. Talent is a function of education, skill and experience, and culture is a function of values and behaviours. Talent and culture across the board, management and employees reinforce each other to develop a strong credit union.

Accountability and disclosure

Credit unions are unique among financial institutions, due to the cooperative principles that underpin their formation and inform their decision making. Among these principles, democratic values, member accountability and community engagement are balanced with economic priorities to ensure a strong sustainable credit union. A credit union's democratic control structure can either create or reduce risk, depending on the degree to which the members take an active interest in the credit union's safety, stability and sustainability as owners.

Disciplined practices, enhanced disclosure and measuring our activities against industry guidelines all help to strengthen our position at the forefront of credit union governance practices in Canada.

The board confirms that Prospera is aligned with the principles and standards of sound governance practices in accordance with BCFSA's Governance Guideline.



Governance standards

Ethics and principles

We recognize the importance of adhering to top-quality corporate governance standards and have developed corporate governance policies and procedures, which are monitored and reviewed by management and the board on a regular basis. We have adopted a best-practice approach to our corporate governance initiatives.

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. In fulfilling its responsibilities, the board annually reports to its member owners on governance practices and adherence to governance standards.

Board of directors

The board is expected to act in a manner that protects and enhances Prospera's value in the interest of all members. Each director is responsible for exercising independent judgment with honesty and integrity, while adhering to policies and procedures, and statutory and regulatory requirements.

The board is responsible for overseeing the management of Prospera. While retaining oversight responsibility, the board delegates responsibility for the management of the credit union to the CEO.

Composition of the board

Pursuant to Prospera's rules, the board has nine directors. Directors are elected by the members or by acclamation, with results announced at the Annual General Meeting. Directors are elected for three-year terms. For the purposes of continuity, the term of office of three directors expires each year.

Independence of the board

All directors are unrelated and independent. In support of director independence, the board holds in-camera sessions without management present during every regularly scheduled board and committee meeting.

Responsibilities of the board

The board's principal responsibilities are described in its terms of reference and include reviewing and approving the vision, purpose and strategic plan, the annual

operating plan and budgets, and Prospera's financial statements and regulatory filings. The board also monitors the performance of the CEO, Prospera's progress toward achieving its strategic initiatives, business risks and compliance with policy and legislation. The board is also responsible for managing its own affairs, such as electing its chair, appointing/electing its committees and their chairs, evaluating its performance, and establishing board and committee processes.

Responsibilities of the chair of the board

The chair provides strong leadership to the board to ensure the board carries out its responsibilities effectively and fulfills its fiduciary obligations to Prospera, its members and all stakeholders under the law. The chair performs key duties as described in the chair's terms of reference, including setting the board agenda, working productively with the CEO, and leading the board in reviewing and monitoring the progress of the strategic plan and the achievement of its objectives. The chair is responsible for setting the tone at the board table and establishing a culture of active and constructive board engagement and teamwork.

Review of the board

Under the direction of the chair of the board and the chair of the Governance and Nominations Committee, the board annually conducts an evaluation of the performance of the board, its committees and its chairs. The evaluation also includes individual director evaluations every two years.

The board and each board committee review the evaluation summary report and, as appropriate, implement changes recommended in the report.

The board sets annual objectives for itself and monitors its performance.

Governing legislation and regulation

Prospera was established pursuant to the Credit Union Incorporation Act (CUIA) of British Columbia. It is regulated by BCFSa. Key legislation includes the CUIA, the *Financial Institutions Act* and the *Business Corporations Act*. It is a requirement of legislation that Prospera provide monthly, quarterly and annual reports and filings, and such other reports to the BCFSa as may be requested.



Board committees

The board has standing committees responsible for carrying out both legislated and delegated functions. All board committees comprise directors only, and all directors are independent. The committees meet regularly throughout the year and are required to provide timely and regular reports to the board. Each committee is also required to provide an annual report confirming that it has fulfilled all its duties and responsibilities.

The board delegates certain governance responsibilities to the following five standing committees, all of which comprise four directors:

- Audit and Conduct Review Committee
- Business Transformation Committee
- Governance and Nominations Committee
- People Experience Committee
- Risk, Investment and Loan Committee

Audit and Conduct Review Committee (ACRC)

ACRC oversees financial reporting, internal and external audit processes, internal controls and management information systems. It is responsible for reviewing internal and external audit procedures, and reports arising from audits and examinations. ACRC meets directly with both the internal and external auditors, with and without management present. ACRC also has responsibility for monitoring compliance with the credit union's policies with respect to conflicts of interest, related parties and confidentiality, plus other duties as may be prescribed by statute.

Governance and Nominations Committee (GNC)

GNC oversees board governance, including the annual board evaluation process, director compensation and governance practices. In addition, GNC is responsible for periodic reviews and recommendations regarding the credit union rules. The committee is also responsible for overseeing the development

and implementation of the environmental, social and governance (ESG) framework, which supports Prospera's strategy, initiatives, risks, opportunities and reporting on ESG matters relevant to Prospera's stakeholders.

GNC also oversees the nomination and election of directors, ensuring rigorous and transparent procedures in accordance with the credit union rules and applicable legislation. It is responsible for maintaining the integrity of the nomination and election process, and acts independently from the board. The committee reviews all nominees, having regard for the competencies and skills required of the board, diversity, equity and inclusion, Prospera's strategy and all other requirements for nomination; confirms the eligibility and qualifications of the nominees; determines a process and methodology for interviewing the nominees and submits to the membership a list of all qualified candidates. GNC may recommend candidates.

Business Transformation Committee (BTC)

BTC oversees Prospera's strategic plan, monitoring the progress made on the strategic plan, and overseeing and providing input to the measures of success. The committee provides oversight of Prospera's digital transformation by monitoring the progress of the organization's digital maturity and providing input to the measures of success.

People Experience Committee (PXC)

PXC oversees the compensation philosophy, policies and programs, ensuring that they support Prospera's business strategy. It also assesses the performance of the CEO and determines the CEO's compensation. The committee's role includes oversight of the employee pension plans, CEO succession planning and monitoring the maintenance of an effective management succession plan for the organization. Duties include appointments of the plans' trustee, actuary and investment manager. PXC also oversees the Pension Committee's (internal management committee) administration of the employee pension plans and is accountable for the approval of the Prospera Employee Pension Plan's audited

financial statements. The role of PXC also includes monitoring culture, change management and people experience, which includes employee engagement, employee relations and diversity, equity and inclusion strategies.

Risk, Investment and Loan Committee (RILC)

RILC oversees lending and investment activities in accordance with Prospera's lending and investment policies. This includes reviewing and recommending to the board changes to these policies, monitoring performance against the policies, approving loans that exceed management limits, authorizing write-offs and other duties as may be prescribed by statute. RILC also has oversight of Prospera's enterprise risk management framework and is responsible for monitoring compliance with the risk framework and policy and Prospera's risk profile, ensuring strategic opportunities are optimized.

Committee composition for 2022

January 1 - April 27

Audit	Risk, Investment and Loan	People Experience	Governance and Conduct Review	Nominations	Integration
Rita Virk, <i>Chair</i>	Colin MacKinnon, <i>Chair</i>	Catherine Roome, <i>Chair</i>	Stacey Crawford, <i>Chair</i>	Rod Thomson, <i>Chair</i>	Eric Nadin, <i>Chair</i>
Gina Arsens	Eric Nadin	Colin MacKinnon	Jill Donaldson	Gina Arsens	Gina Arsens
Eric Nadin	Rod Thomson	Art Van Pelt	Catherine Roome	Eric Nadin	Catherine Roome
Art Van Pelt	Art Van Pelt	Rita Virk	Rod Thomson	Catherine Roome	Gina Arsens
			Art Van Pelt (<i>ex-officio</i>)	Art Van Pelt	Art Van Pelt
				Rita Virk	

April 28 - December 31

Audit and Conduct Review	Business Transformation	Governance and Nominations	People Experience	Risk, Investment and Loan
Rod Thomson, <i>Chair</i>	Gina Arsens, <i>Chair</i>	Jill Donaldson, <i>Chair</i>	Catherine Roome, <i>Chair</i>	Colin MacKinnon, <i>Chair</i>
Gina Arsens	Jill Donaldson	Stacey Crawford	Gina Arsens	Gina Arsens
Colin MacKinnon	Colin MacKinnon	Eric Nadin	Rod Thomson	Stacey Crawford
Eric Nadin	Rod Thomson	Rod Thomson	Art Van Pelt	Eric Nadin
Art Van Pelt (<i>ex-officio</i>)	Art Van Pelt (<i>ex-officio</i>)	Art Van Pelt (<i>ex-officio</i>)		Art Van Pelt (<i>ex-officio</i>)

*Due to the resignation of Director Rita Virk, the committee composition was amended on August 1, 2022.



Subsidiaries

We have seven wholly owned subsidiary companies. The Prospera board authorizes the establishment of subsidiaries and appoints the directors of each subsidiary. Currently, the director of each subsidiary is management and therefore not independent. The board of directors of each subsidiary is accountable and provides regular reporting to Prospera.

413297 B.C. Ltd.

Mercado Capital Corporation (MCC)

(Mercado Financing Ltd., is a wholly owned subsidiary of MCC)

Prospera Holdings Ltd.

Prospera Insurance Agencies Ltd.

Prospera Technologies Inc.

WS Leasing Ltd.

Westminster Savings Financial Planning Ltd.

Corporate governance disclosure

Director background and compensation disclosure

The Prospera board consists of nine independent directors who are ultimately responsible for the stewardship of the credit union and oversight of its risks and financial performance. There is currently a vacancy on the board, due to the resignation of Rita Virk on August 1, 2022. The vacancy will be filled through the 2023 election of directors.

As of December 31, 2022, the directors of Prospera are:



Art Van Pelt
Board Chair

Art serves as board chair of Prospera. Art was first elected as a director of the credit union in 2013 and became chair of the board in 2018. Art is a seasoned HR professional with more than 35 years of experience. As the former vice president for people at Overwaitea Food Group (Save-On-Foods), he has extensive experience managing compensation, payroll, pensions and benefits, health and safety, disability claims, recognition, training, succession planning and labour relations. Art has been a credit union member since 1984. He has served on various boards throughout his career, including the Canadian Grocery HR Council and Alouette Addictions Services Society. He is secretary and lead management trustee of the United Food and Commercial Workers Industry Pension Trust, a member of the Investment Subcommittee, a member of the Fongate Infrastructure Yield Fund Advisory Committee, and past chair of Ridge Meadows Hospital Foundation.

Art holds a Bachelor of Arts degree with a major in business administration and economics from Simon Fraser University. He is a chartered professional in human resources and a member of the Institute of Corporate Directors. Art is a graduate of the ICD – Rotman Directors Education Program (ICD.D) Corporate Governance College.

Director Since	2013	Current Term Expires	2025
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- Board Positions**
- Member of the People Experience Committee
 - Ex-officio member of the Audit and Conduct Review, Business Transformation, Governance and Nominations and Risk, Investment and Loan Committees



Gina Arsens
Vice-Chair

Gina serves as vice-chair of the Prospera board. Gina is the founder and CEO of Yumasoy Foods, a plant-based food startup in Vancouver. She is the former CFO of Ideon Technologies Inc. and the Digital Technology Supercluster. In her 25-year career, Gina has held leadership roles in varying industries from industrial and maritime to real estate and technology. She is a long-time credit union member and was first elected to the Prospera board in 2020. Gina also currently serves on the York House School board. Prior to Prospera, Gina served on the YWCA board and the Beanworks AP board.

Gina is currently enrolled in the Director Education Program offered by the Institute of Corporate Directors and anticipates receiving her ICD.D designation in the coming months. Gina is a Chartered Professional Accountant (CPA, CA) and a Chartered Business Valuator (CBV). She had the distinction of being honoured as one of BC's Top 40 under 40 and one of BC's Most Influential Women in Finance.

Director Since	2020	Current Term Expires	2023
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- Board Positions**
- Chair of the Business Transformation Committee
 - Member of Audit and Conduct Review, People Experience and Risk, Investment and Loan Committees



Eric Nadin
Director

Eric was first elected as a director of Prospera in 2011 and served as chair of the board from 2018 to 2019. He has chaired a number of committees during his tenure, including Human Resources, Governance and Conduct Review, as well as the CEO Search Committee, and has been a member of the Audit, Risk Management/Investment and Lending Committee, the Community Relations Committee, the Joint Merger Integration Committee and the Joint Merger Communications Committee.

Eric retired in 2015 following a 35-year career as a professional engineer, with his last role as general manager of construction services at BC Hydro. He has served on corporate and not-for-profit boards of directors and holds the ICD.D designation from the Institute of Corporate Directors.

Director Since 2011 **Current Term Expires** 2023

- Board Positions**
- Member of the Audit and Conduct Review, Governance and Nominations and Risk, Investment and Loan Committees
 - Board member of the Prospera Foundation



Stacey Crawford
Director

Stacey was first elected as a director of Prospera in 2012 and served as chair of the board of directors from 2015 to 2018. He served as the chair of Prospera's Nominations and Elections Committee, Member and Community Relations Committee, Governance and Conduct Review Committee, and was a member of the Audit, Human Resources, Joint Merger Integration, Joint Merger Communications, and CEO Hiring Committees.

Since 2009, Stacey has been the director of economic development for the City of Mission. He holds the Certified Credit Union Director designation from the Rotman School of Management and has received his ICD.D designation, having completed the Directors Education Program from the Institute of Corporate Directors in 2019. He holds a Master of Arts degree in Leadership and Training and has a long track record as an active volunteer in his community, having served as a director on several community associations.

Director Since 2012 **Current Term Expires** 2024

- Board Positions**
- Member of the Governance and Nominations and Risk, Investment and Loan Committees



Jill Donaldson

Director

Jill is a principal at IWJ Law in Vancouver. As a senior corporate and securities lawyer, she has extensive experience in the financial services sector with expertise in mergers and acquisitions, compliance and risk management and stakeholder engagement. As corporate director, Jill has significant governance experience and brings a strategic mindset and financial acumen. Jill holds an ICD.D designation from the Institute of Corporate Directors and is currently enrolled in the ESG designation program offered by Competent Boards with completion in April 2023. She is a director, the chair of the Governance Committee and a member of the Sustainability Committee of Fireweed Metals Corp. Jill is also active in the community as a director of Canuck Place Children's Hospice and as a member of the risk committee of York House School. Jill was born and raised in Kamloops and holds a law degree and commerce degree from the University of British Columbia.

Director Since 2021 **Current Term Expires** 2024

- Board Positions**
- Chair of the Governance and Nominations Committee
 - Member of the Business Transformation Committee
 - Board member of the Prospera Foundation



Colin MacKinnon

Director

Colin was first elected as a director of the credit union in 2018 and has chaired the Nominations Committee and Risk, Investment and Loan Committee, in addition to serving as a member of the Audit and Conduct Review Committee, Joint Merger Integration Committee, Joint Merger Communication Committee, People Experience Committee and Business Transformation Committee. He is a chartered professional accountant (FCPA, FCA) and holds the ICD.D designation from the Institute of Corporate Directors. In addition, he holds a Bachelor of Science (Chemistry) degree and Master of Business Administration degree from the University of British Columbia.

Colin has more than 40 years of experience in senior executive management roles, with a focus on corporate finance, strategic planning and risk management. From 1996 until his retirement in 2013, he was with the British Columbia Automobile Association in several senior roles, including senior vice president and chief financial officer, senior vice president and chief risk officer and corporate secretary. He is very active in the community, serving on a number of not-for-profit boards of directors, including Special Olympics and the Prospera Foundation.

Director Since 2018 **Current Term Expires** 2024

- Board Positions**
- Chair of the Risk, Investment and Loan Committee
 - Member of the Audit and Conduct Review and Business Transformation Committees



Catherine Roome

Director

Catherine co-leads Pulse Technologies, a health-tech startup in Vancouver to inspire global health equity. Catherine is the former President and Lead Executive Officer of Technical Safety BC. She is a leader in the algorithmic economy where predictive insights are used to create long-term social and financial value and she is deeply committed to supporting the next generation of leaders.

Catherine has served and continues to serve as a director on community boards, in addition to being a long-standing credit union member. She is a director of BC Hydro, Powerex, and McElhanney Ltd., and holds advisory positions with Neuroethics Canada, Ingenium Canada's Science and Technology Museums, as well as UBC and the University of Victoria's Engineering & Computer Science faculties.

She holds her Institute of Corporate Directors (ICD.D) designation. Catherine received her Bachelor of Electrical Engineering degree from the University of Victoria.

Director Since	2020	Current Term Expires	2025
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- Board Positions**
- Chair of the People Experience Committee
 - Member of the Governance and Nominations Committee
 - Board member of the Prospera Foundation



Rod Thomson

Director

Rod Thomson was first elected as a director of Prospera in 2018 and served as a member of the Audit and Human Resources Committees. From 2009 until 2018, he was a small business owner and client of Prospera. He has a long history in publishing and marketing. His philanthropic work includes serving on the boards of directors of St. Andrew's Hall for six years, including a stint as chair of the board, and University of the Fraser Valley for six years, where he also served as the board chair. Rod holds the ICD.D designation from the Institute of Corporate Directors. He is also very active in Rotary and a musician playing with groups from The Fraser Valley Symphony and Cascadia Wind ensemble to the Moonliters Swing Band.

Director Since	2018	Current Term Expires	2023
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- Board Positions**
- Chair of the Audit and Conduct Review Committee
 - Member of the Business Transformation, and People Experience Committees
 - Board chair of the Prospera Foundation

Compensation philosophy

We have a long history of high-quality service and consistent financial performance that carefully balances the needs of the members with prudent fiscal management. The board represents the members and provides critical stewardship through guidance and oversight.

We believe that better boards produce better results, and that better boards are made up of dedicated and competent members. A director in a modern credit union must possess the skills and expertise relevant to the strategic initiatives of the credit union in an increasingly complex environment. Directors spend considerable time and effort carrying out their duties with due care and diligence against a backdrop of potential exposure to financial, reputational and personal risk.

It is vitally important that we attract and retain qualified directors to provide proper oversight and stewardship to ensure Prospera's long-term success and sustainability. There is competition for skilled directors and appropriate director compensation is seen as a key component to ensuring that the board attracts qualified candidates.

Accordingly, the board has adopted the following board compensation philosophy:

The level of compensation paid to Prospera directors is at the median of large urban credit unions in Canada

The board's compensation philosophy is reviewed annually by the Governance and Nominations Committee.

Compensation plan

The members of Prospera may approve by resolution at an Annual General Meeting, an aggregate amount that is available for the compensation of directors. Currently, the aggregate amount available for the annual compensation of directors is \$500,000.

The total compensation paid to directors for 2022 was \$375,348.

COMPENSATION STRUCTURE FOR 2021

Position	Annual Retainer
Board chair	\$66,300
Vice chair	\$40,800
Board member	\$35,700
Committee chairs	\$5,100
External chair (e.g., Chair of an external industry group such as Peer Group 5)	\$3,570

The board's compensation plan is reviewed every three years by the Governance and Nominations Committee, which may from time to time retain the services of an independent consultant.

Board compensation and attendance for 2022 can be found on page 16.

Expenses

Reasonable expenses incurred by the board in the performance of their duties as a director of Prospera are eligible for reimbursement in accordance with the Directors Compensation, Expenses and Insurance Policy. Expenses eligible for reimbursement include director development programs, flights, accommodations and meals. Expenses must be consistent with the values and employee policies of Prospera and not perceived as excessive. Directors are required to provide receipts for expenses they incur in order to be reimbursed.

In addition, the board as a group incurs expenses during the performance of their duties as a board. These expenses include engaging consultants to provide guidance and expertise on a variety of matters.

INDIVIDUAL DIRECTOR AND BOARD EXPENSES FOR 2022

Director	Total Expenses	Description of Expense
Art Van Pelt, Board Chair	\$6,859	CCUA National Conference, Annual HR Management Conference and Large Credit Union Conference
Eric Nadin, Vice Chair (Ceased as of April 28, 2022)	\$-	
Gina Arsens, Vice Chair (Appointed as of April 28, 2022)	\$7,032	CCUA National Conference, Large Credit Union Conference
Stacey Crawford	\$4,388	CCUA National Conference and Financial and Managerial Accounting
Jill Donaldson	\$9,577	Central 1 Momentum Summit, ESG Designation Program, Digital Transformation and Preparing for Transition to Net Zero
Colin MacKinnon	\$83	Regulatory filing fee
Catherine Roome	\$5,011	CCUA National Conference and Governing a Credit Union and Governing Credit Risk
Rod Thomson	\$3,422	CCUA National Conference
Rita Virk	\$4,626	CCUA National Conference and Digital Transformation
Board overall	\$249,052	Consultant fees, meeting expenses, annual general meeting and board development
Total expenses	\$290,050	

Education

We recognize the importance of ongoing education and training for directors to safeguard the effective oversight of Prospera and ensure our directors understand the issues that face Prospera, the credit union system and the financial industry. Accordingly, all first-time directors are required under BC law to complete Level A of the Credit Union Director Achievement (CUDA®) Program within 12 months of being elected to the board. All directors of Prospera have fulfilled this requirement. In addition, we provide numerous opportunities for education and training, such as access to publications and industry information, educational seminars for the board as a whole, industry-sponsored seminars and events, and other conferences and seminars, including an education allowance of \$15,000 per term (three years) toward the professional development of each director in their role as a director of Prospera.

All directors must complete anti-money laundering, ransomware threats and cybersecurity training on an annual basis. Education sessions completed by individual directors for 2022 included digital transformation, cybersecurity, environmental, social and governance (ESG), and open banking.

In addition to the professional development of individual directors, the board evaluates its composition and performance on an annual basis to assess the board's operating proficiency and discover areas for improvement. Every two years, the board engages an external consultant to facilitate this exercise. The board evaluation process is designed to strengthen the overall performance and effectiveness of the board.

Related party transactions involving directors (loans to directors)

Loans to directors are granted under the same terms and conditions as they are granted to all other members of the credit union. In 2022, authorized and/or outstanding loans to directors totaled \$2,402,837 and none were in arrears. There were no new related party transactions involving a director during 2022.

Board and committee meeting attendance

The following chart reflects committee composition and attendance in 2022.

(For details of annual compensation for board positions and meeting fees see table on page 14)

Director	Board	Audit	Audit and Conduct Review	Business Transformation	Governance and Conduct Review	Governance and Nominations	Integration	People Experience	Risk Investment and Loan	Total Meetings	Excusals	Quarterly Meeting Fees ²		Total Annual Compensation	
Gina Arsens	✓	✓	✓	✓			✓	✓	✓	26	0	\$	600	\$ 43,185	
Stacey Crawford	✓				✓	✓			✓	20	0	\$	-	\$ 37,358	
Jill Donaldson	✓			✓	✓	✓				19	0	\$	-	\$ 39,143	
Colin MacKinnon	✓		✓	✓				✓	✓	22	0	\$	-	\$ 40,800	
Eric Nadin	✓	✓	✓			✓	✓		✓	23	0	\$	600	\$ 39,615	
Catherine Roome	✓				✓	✓	✓	✓		20	1	\$	600	\$ 41,400	
Rod Thomson	✓		✓	✓	✓			✓		19	2	\$	-	\$ 39,469	
Art Van Pelt	✓	✓	✓	✓	✓	✓	✓	✓	✓	30	2	\$	600	\$ 70,470	
Rita Virk ¹	✓	✓	✓			✓		✓		23	1	\$	-	\$ 23,910	
												\$	9,000	\$	379,348

¹Resigned August 1, 2022

²Meeting fee for the Integration Committee paid at \$600 per meeting - the Integration Committee held its last meeting in Q1 - 2022

The checkmarks reflect meetings attended as committee members, guests, ex officio and reflect committee reassignments throughout the year.



CEO compensation disclosure

Prospera's Total Rewards programs are based on a pay-for-performance philosophy and are intended to attract, retain and reward employees who live the organizational values and deliver exceptional results for the benefit of our members.

Total rewards philosophy

Prospera is committed to providing a total compensation package that is aligned with our strategic direction, is competitive in the marketplace and maintains internal equity. To this end, the total compensation package comprises direct and indirect components.

Direct compensation includes base salary and incentive payments for performance at or above expected results.

Indirect compensation includes a defined benefit pension plan, health and welfare benefits, leave provisions (vacation, illness days), short and long-term disability, banking privileges, and education and career development. It may also include additional compensation through an allowance for such items as auto expenses and wellness benefits.

Prospera maintains salary ranges that are competitive within the financial services market. Our objective is to pay at the median of the market on base salary for meeting performance expectations. The primary source of comparative market data is obtained from Central 1, Korn Ferry and Mercer and is focused on mid and large-sized credit unions primarily located within Metro Vancouver, the Fraser Valley and the Interior, and for some positions, selected comparable credit unions.

Executive compensation

Total Rewards for the Executive Leadership Team, including the President and Chief Executive Officer (CEO), are guided by the organization's compensation philosophy. The People Experience Committee of the Board (PX Committee) has confirmed that the market comparator group is urban Canadian credit unions of similar size and executive compensation is set at the median of the market.

CEO compensation summary

The total compensation package for the CEO is reviewed and approved by the PX Committee. This total package includes a base salary in line with the median of the designated comparator group along with short and long-term incentive plans designed to reward the achievement of annual and longer-term organizational performance objectives.

Short-term incentive plan

The CEO's short-term incentive (STI) is based on a weighted combination of organizational results (75%) and individual objectives (25%); each are determined and approved annually by the PX Committee. The CEO's target STI rate for 2022 is 60% of base salary to a maximum of 90%, based on delivering exceptional performance.

The organizational results are measured based on a number of qualitative and quantitative factors that together form a balanced assessment of success of Prospera, including engaging with our members and employees, managing the overall operations and growing the credit union for long-term sustainability to provide enduring value to our membership. The individual objectives are set annually by the PX Committee with a focus on key priorities identified to achieve the credit union's strategic objectives.

Long-term incentive plan

The long-term incentive (LTI) plan is designed to reinforce long-term sustainable growth and effective management of the credit union using quantifiable metrics over overlapping three-year periods that are approved by the PX Committee. Payment of the LTI occurs at the end of each three-year period if performance meets or exceeds performance metrics. The CEO's target LTI rate for 2022 is 60% of base salary to a maximum of 90% based on delivering exceptional performance.

2022 CEO Total Cash Compensation

Base Salary	STI Payout	LTI Payout	Total
\$540,000	\$404,567	\$366,802	\$1,311,369

Benefits and pension

The CEO participates in the same health benefit plan that is provided to all employees that includes short and long-term disability insurance benefits. In addition to participating in the non-contributory employee-defined benefit pension program, the CEO is also eligible for the pension benefits under the Supplemental Executive Retirement Plan (SERP). The total combined retirement benefit is determined based on 2% of final base salary average earnings for each year of credited service. As part of the market competitive perquisite program, the CEO receives an additional health benefit through an annual health assessment provided by a private health care facility and receives an additional monthly allowance for wellness, automotive and other expenses.

Other employment terms

If the CEO is terminated without cause, he will be entitled to a severance based on 12 months plus one month for each year of service up to a maximum of 24 months base salary, unvested short and long-term incentive payments and an additional 25% of base salary in lieu of benefits.

If the CEO is terminated for cause, retires or resigns, he would not be entitled to any notice of termination, payment in lieu or severance.



Corporate Information

Credit union industry directorships held by directors and officers

Colin MacKinnon
Stabilization Central Credit Union

Gavin Toy
Canadian Credit Union Association

Corporate Counsel

Dentons Canada LLP
Vancouver, British Columbia

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