

GULF AND FRASER FISHERMEN'S CREDIT UNION  
2015 ANNUAL REPORT

# Governance Report

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## CORPORATE GOVERNANCE VISION AND PHILOSOPHY STANDARDS

The Board demonstrates a standard of governance consistent with a theme of evolving governance standards. 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 a progressive Board, they are committed to serving with adherence to a standard of excellence in governance. As Directors and as a Board, this vision will be achieved through continuous improvement and professional development. In addition, they look to the corporate governance standards established by the Toronto Stock Exchange (TSX) for guidance in best practices. They are 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. The Board holds themselves accountable, both as Directors and as a Board, for adhering to the highest standards of Board professionalism and performance.

## BOARD OF DIRECTORS

### Mandate

#### ROLE OF THE DIRECTOR

- represent our collective membership and govern the credit union within the framework of relevant legislation and regulation;
- monitor the credit union's affairs, providing policy direction to ensure preservation of the collective best interests of the membership;
- participate in the setting of strategic direction, ensuring allocation of adequate human and financial resources;
- promote the credit union within the community, and
- provide 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.

#### PURPOSE

Directors actively participate and exercise due diligence in the activities and deliberations of the Board as a whole. They are responsible for representing the collective interest of the membership in directing the affairs of the credit union and take responsibility for ensuring that they are familiar with these responsibilities and carry them out in accordance with established standards. This includes completion of all information requests and disclosures, and other requirements as specified in applicable legislation. Directors are accountable individually for the decisions of the Board.

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

- diligence in performing their Directorship function, and
- loyalty to the credit union, its' membership and anyone affected by decisions of the Board and the activities of the credit union.

#### 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 for meetings in advance of 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 currently comprised of twelve (12) Directors, with each Director elected for a three-year (3) term with four (4) Directorships expiring each year. Directors are elected by democratic process where members vote in accordance to our Rules with the results being announced at the Annual General Meeting.

The Election Committee has oversight responsibility for Director nominations and the election of Directors.

## 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 credit union's strategic direction 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; and
- 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; and
- to select the CEO's Office, evaluate his/her 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 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; and
- 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; and
- 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; and
- 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; and
- 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 the Rules of the credit union.

#### *Records and Reporting*

Under the *Business Corporations Act*, 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 Financial Institutions Commission (FICOM) of British Columbia. Key legislation that regulates the operations of the credit union includes: the *Financial Institutions Act*, the *Credit Union Incorporation Act*, and the applicable sections of the *British Columbia Business Corporations Act*. It is a requirement of the legislation that the credit union provides to FICOM monthly, quarterly and annual reports and filings, and other such reports as may be requested.

## BOARD COMMITTEES

The credit union has regulatory 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*, the Board elects the *Audit 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 Work Plan 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 the Committee's mandate follows:

### AUDIT COMMITTEE

The purpose of the Audit 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 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 external auditor 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.

### COMPENSATION AND HUMAN RESOURCES COMMITTEE

The Compensation and Human Resources Committee is charged with reviewing and recommending for approval G&F's overall compensation philosophy and all aspects of pay relating to the CEO's Office, including the level and mix of components. It also selects the comparables used for "benchmarking" compensation to competitor's pay, monitoring pay and performance linkages, incentive plan eligibility and design, and monitoring Executive development and succession planning.

### 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 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.

### EXECUTIVE COMMITTEE

The purpose of the Executive Committee is to meet with the CEO's Office between Board meetings to discuss matters concerning credit union operations and to prepare recommendations on such matters for presentation at Board meetings.

### GOVERNANCE COMMITTEE

The purpose of the Governance Committee is to review, develop and recommend any changes to Governance and/or to the [By-laws](#) of the credit union to the Board of Directors.

### MARKETING COMMITTEE

The purpose of the Marketing Committee is to provide general oversight of the marketing activities of the credit union. This includes reviewing and recommending the annual marketing plan and budget to the Board of Directors.



## 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 life insurance, annuities, segregated funds and living benefits to the members of the credit union. The services and products offered through Gulf and Fraser Insurance Services Ltd. allow our members to obtain piece of mind and financial protection.

## CORPORATE GOVERNANCE DISCLOSURE

### DIRECTOR BACKGROUND

#### *Current Directors*

As of December 31, 2015 G&F's Directors are:



**NAME:** Lewis Bubl 

**BACKGROUND/  
EXPERIENCE:** Following a course charted by his family, Lewis remains active in the fishing industry as well as in the business and sporting communities. Lewis is also the Co-Owner of the Vancouver Giants WHL Hockey Team and operates Winning Edge Management Inc.

**POSITION:** President and Chair

**DIRECTOR  
SINCE:** 1997

**CURRENT TERM:** 2015-2018

**COMMITTEES:** Executive Committee  
Audit Committee  
Governance Committee  
Investment and Lending Committee  
Marketing Committee

**OTHER BOARD  
APPOINTMENTS** V.P. of the Board of Pacific Coast Fishermen's Mutual Marine Insurance Company  
An Appointee to the Pacific Region Advisory Council on Marine Oil Spill Response and Preparedness  
Served for many years as Parks Canada's Pacific Advisor for the Creation of National Marine Conservation Areas



**NAME:** Howard Normann

**BACKGROUND/  
EXPERIENCE:** Employed by the City of Vancouver for over 30 years, 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 business judgment.

**POSITION:** First Vice President

**DIRECTOR  
SINCE:** 1996

**CURRENT TERM:** 2014-2017

**COMMITTEES:** Executive Committee  
Audit Committee  
Conduct Review Committee  
Election Committee  
G&F Foundation Advisory Board  
Governance Committee  
Investment and Lending Committee  
Marketing Committee  
Strategic Planning Committee

**OTHER BOARD  
APPOINTMENTS** N/A



**NAME:** Sonia Virk

**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 UNB. She co-founded law firms Joomratty & Virk and Virk Viyas & Associate Lawyers, and in 2007, was elected President of the Indo Canadian Business Association of BC and has served as a Board member on the British Columbia Small Business Roundtable.

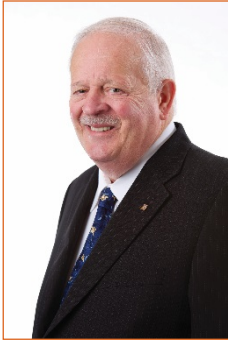
**POSITION:** Second Vice President

**DIRECTOR  
SINCE:** 2014

**CURRENT TERM:** 2014-2017

**COMMITTEES:** Executive Committee  
Election Committee  
Conduct Review Committee  
Governance Committee  
Investment and Lending Committee  
Strategic Planning Committee

**OTHER BOARD  
APPOINTMENTS** N/A



**NAME:** Joe Boroevich

**BACKGROUND/  
EXPERIENCE:** The captain and owner of the M/V Ante B, Joe is a commercial fisherman and businessman. Joe has been instrumental in numerous decisions leading to positive change at G&F Financial Group, and values member input into how the credit union can continue to meet members' growing needs and remain a strong player in the financial industry.

**POSITION:** Director

**DIRECTOR  
SINCE:** 1985

**CURRENT TERM:** 2015-2018

**COMMITTEES:** Compensation and Human Resources Committee  
G&F Foundation Advisory Board  
Governance Committee  
Investment and Lending Committee  
Marketing Committee

**OTHER BOARD  
APPOINTMENTS** N/A



**NAME:** Vila Nova Carvalho

**BACKGROUND/  
EXPERIENCE:** Vila Nova obtained his Degree of Barrister-at-Law in London, England, and a Masters of Law Degree from the University of Dar-es-Saalam, Tanzania, where he worked in the legal profession. He speaks four languages and has served on multiple society and corporate Boards.

**POSITION:** Director

**DIRECTOR  
SINCE:** 1997

**CURRENT TERM:** 2015-2018

**COMMITTEES:** Audit Committee  
Compensation and Human Resources Committee  
Governance Committee  
Marketing Committee  
Strategic Planning Committee

**OTHER BOARD  
APPOINTMENTS** N/A



**NAME:** Vince Fiamengo

**BACKGROUND/  
EXPERIENCE:** In addition to G&F Financial Group, Vince also serves on other industry related boards. Vince firmly believes in the credit union philosophy and has used his experience as a fisherman and businessman to guide the credit union through a very strong growth period.

**POSITION:** Director

**DIRECTOR  
SINCE:** 1986

**CURRENT TERM:** 2013-2016

**COMMITTEES:** Audit Committee  
Compensation and Human Resources Committee  
Election Committee  
Executive Committee  
G&F Foundation Advisory Board  
Marketing Committee  
Strategic Planning Committee

**OTHER BOARD  
APPOINTMENTS** President of the Pacific Coast Fishermen's Mutual Marine Insurance Company  
Trustee of United Fishermen's Benefit Fund



**NAME:** Brian Hamaguchi

**BACKGROUND/  
EXPERIENCE:** Brian spent his career in the fresh fish department of CANFISCO. He brings a unique perspective to the G&F Financial Group Board of Directors, providing oversight on investment decisions in the best interest of the membership. He is a keen proponent of high quality member service and continues to endorse improvements and innovations within the credit union.

**POSITION:** Director

**DIRECTOR  
SINCE:** 1983

**CURRENT TERM:** 2013-2016

**COMMITTEES:** Conduct Review Committee  
Election Committee  
G&F Foundation Advisory Board  
Governance Committee  
Investment and Lending Committee  
Marketing Committee

**OTHER BOARD  
APPOINTMENTS** Fishermen's Union  
UFAWU Shore Workers Benefit Fund



**NAME:** Bill Nohr

**BACKGROUND/  
EXPERIENCE:** Bill has held leadership roles in the non-profit and services sectors, and brings with him over 25 years of senior management experience in the marine industry. He is a strong advocate of an engaged workplace and firmly believes G&F Financial Group is an engaged and supportive place to work.

**POSITION:** Director

**DIRECTOR  
SINCE:** 2011

**CURRENT TERM:** 2014-2017

**COMMITTEES:** Audit Committee  
Compensation and Human Resources Committee  
Conduct Review Committee  
Election Committee  
Governance Committee  
Investment and Lending Committee  
Marketing Committee  
Strategic Planning Committee

**OTHER BOARD  
APPOINTMENTS** N/A





**NAME:** Jennifer Phipps

**BACKGROUND/  
EXPERIENCE:** Jennifer has over 20 years of experience in the accounting profession and is currently a director and owner of Leed Advisors Inc., Chartered Accountants. Jennifer brings her accounting, auditing, tax and general business knowledge to the position. She has strong communication skills and believes that teamwork produces great results. She has spent many years providing personalized professional services to her clients and appreciates the importance of meeting the personal needs of members, investing in employee development and embracing technological change.

**POSITION:** Director

**DIRECTOR  
SINCE:** 2015

**CURRENT TERM:** 2015-2018

**COMMITTEES:** Audit Committee  
G&F Foundation Advisory Board  
Investment and Lending Committee

**OTHER BOARD  
APPOINTMENTS:** N/A



**NAME:** John Secord

**BACKGROUND/  
EXPERIENCE:** John became a full time fisherman in 1971, and has since served as a Director of the Fishing Vessel Owners Association, a delegate to the Halibut Advisory Board, Chair on the Pacific Halibut Management Association, and a Commissioner on the International Pacific Halibut Commission. He is a firm believer in sustainability, innovation and good corporate governance.

**POSITION:** Director

**DIRECTOR  
SINCE:** 1990

**CURRENT TERM:** 2013-2016

**COMMITTEES:** Audit Committee  
Conduct Review Committee  
Governance Committee  
Investment and Lending Committee  
Election Committee  
Strategic Planning Committee

**OTHER BOARD  
APPOINTMENTS:** Director, Pacific Coast Fishermen’s Mutual Marine Insurance Company



**NAME:** Lee Varseveld

**BACKGROUND/  
EXPERIENCE:** Lee has enjoyed a 20 year career in the marine insurance industry and currently serves as General Manager of Pacific Coast Fishermen’s Mutual Marine Insurance Company. As a Chartered Insurance Professional, Lee values institutions that serve client members and benefit the community.

**POSITION:** Director

**DIRECTOR  
SINCE:** 2014

**CURRENT TERM:** 2014-2017

**COMMITTEES:** Audit Committee  
Conduct Review Committee  
Compensation and Human Resources Committee  
Election Committee  
G&F Foundation Advisory Board  
Governance Committee  
Investment and Lending Committee  
Strategic Planning Committee

**OTHER BOARD  
APPOINTMENTS:** Fishermen Helping Kids with Cancer non-profit corporation



**NAME:** Floyd Yamamoto

**BACKGROUND/  
EXPERIENCE:** Through his work at G&F Financial Group, Stabilization Central Credit Union, and over 20 years of experience as an IT professional, Floyd has a solid understanding of the credit union system, board governance, and Information Technology. He is very active in his community, volunteering for the Nikkei Fishermen’s Reunion Project, RCMP Multi-Cultural Advisory Committee, and Steveston’s Santa Claus parade.

**POSITION:** Director

**DIRECTOR  
SINCE:** 2007

**CURRENT TERM:** 2013-2016

**COMMITTEES:** Compensation and Human Resources Committee  
Conduct Review Committee  
Election Committee  
Marketing Committee

**OTHER BOARD  
APPOINTMENTS:** N/A

### 2015 PAST DIRECTORS

The following Director served a partial term at the beginning of 2015. He stepped down from the Board as of the 2015 AGM.

Name: Gary Williamson  
Recent Term: 2012 – 2015

### DIRECTOR COMPENSATION DISCLOSURE

The Board’s compensation is designed to attract and retain experienced Directors who are aligned with G&F’s values and have the breadth of skill and ability to lead the long term success of the credit union. 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 G&F
- 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 G&F's business model and strategic plans, and to control its risks.

<b>ANNUAL COMPENSATION</b>	The Board has set its compensation based on the benchmark group of BC credit unions that most closely align with our asset size. The intention is to pay at the median of the market and to review compensation levels every 2 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. G&F benchmarks its Board compensation based on "total" compensation and makes decisions on its compensation, based on an honorarium only method.
<b>ADDITIONAL COMMITTEE COMPENSATION</b>	There is no additional compensation for attending committee meetings as a Director.
<b>BOARD CHAIR HONORARIUM</b>	The honorarium paid to the Board Chair is \$27,000
<b>FIRST VICE CHAIR HONORARIUM</b>	The honorarium paid to the First Vice Chair is \$22,000
<b>SECOND VICE CHAIR HONORARIUM</b>	The honorarium paid to the Second Vice Chair is \$20,000
<b>COMMITTEE CHAIR ADDITIONAL STIPEND</b>	The stipend paid to the Committee Chair is \$2,000
<b>DIRECTOR</b>	The honorarium paid to Directors is \$16,000
<b>EXPENSE REIMBURSEMENT</b>	G&F 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 G&F and demonstrate a good example for the use of credit union resources.
<b>TRAINING</b>	The Board of Directors has an approved budget for ongoing Director training and development. Training and development programs must be relevant to the business of the credit union.

**BENEFITS  
AND PERQUISITES**

Directors may participate in the benefits program designed through Central 1 for credit union Directors but they pay all of the applicable premiums. While Directors are encouraged to use the products and services of G&F they do so under the same terms and conditions as all other members of the credit union.

For the year 2015, the compensation received for each Director is outlined in the table below, along with their meeting attendance.

NAME	ROLES	ANNUAL COMPENSATION	BOARD MEETINGS ATTENDED	COMMITTEE MEETINGS ATTENDED	TOTAL COMPENSATION	TOTAL EXPENSES <sup>1</sup>
Lewis Bubl� <sup>2</sup>	Chair	\$27K	11 of 13	24 of 28	\$25.75K	\$3.3K
Howard Normann <sup>3</sup>	1st Vice Chair	\$22K	11 of 13	7 of 16	\$21.5K	\$5.0K
Sonia Virk <sup>4</sup>	2nd Vice Chair	\$20K	11 of 13	17 of 20	\$19.5K	\$3.7K
Joe Boroevich	Director	\$18K	12 of 13	12 of 13	\$18K	\$3.2K
Vila Nova Carvalho	Director	\$18K	12 of 13	11 of 12	\$18K	\$4.3K
Vince Fiamengo <sup>5</sup>	Director	\$18K	9 of 13	18 of 22	\$20.25K	\$2.8K
Brian Hamaguchi	Director	\$18K	13 of 13	18 of 19	\$18K	\$7.0K
Bill Nohr	Director	\$18K	12 of 13	18 of 18	\$18K	\$6.2K
Jennifer Phipps <sup>6</sup>	Director	\$16K	8 of 8	7 of 8	\$12K	\$3.0K
John Secord	Director	\$18K	13 of 13	23 of 25	\$18K	\$4.2K
Lee Varseveld	Director	\$18K	12 of 13	18 of 21	\$18K	\$3.2K
Gary Williamson <sup>7</sup>	Director	\$18K	5 of 5	5 of 5	\$4.5K	\$5.6K
Floyd Yamamoto	Director	\$18K	13 of 13	14 of 14	\$18K	\$3.3K

*1 Not including meals*

*2 Chair since April 7, 2015*

*3 1<sup>st</sup> Vice Chair since April 7, 2015*

*4 2<sup>nd</sup> Vice Chair since April 7, 2015*

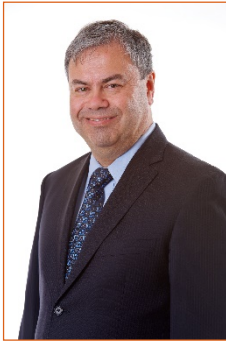
*5 Chair until April 7, 2015*

*6 Director since April 7, 2015*

*7 Director until April 7, 2015*

## CORPORATE GOVERNANCE DISCLOSURE

### EXECUTIVE TEAM



**NAME:** William J. Kiss

**POSITION:** Co-CEO

**OVERSIGHT FUNCTIONS:** Credit union operations

**G&F EMPLOYEE SINCE:** 1996

**CURRENT POSITION HELD SINCE:** 2011

**EDUCATION:** Chartered Professional Accountant (CPA, CGA)  
Licentiate in Accounting, post-graduate degree  
Bachelor of Science (B.Sc) Mathematics/Statistics

**RELEVANT BOARD APPOINTMENTS:** Director, Central 1 Credit Union Board  
Chair, Audit Committee, Central 1 Credit Union  
Director, CUMIS Limited General Insurance Company Board  
Director, CUMIS Life Insurance Company Board  
Director, Gulf and Fraser Insurance Services

**BACKGROUND/ EXPERIENCE** 20 years' executive experience in the financial services industry  
10 years in public practice at a chartered accounting firm, including work in tax and auditing of financial institutions



**NAME:** Jeff Shewfelt

**POSITION:** Co-CEO

**OVERSIGHT FUNCTIONS:** Credit union operations

**G&F EMPLOYEE SINCE:** 1991

**CURRENT POSITION HELD SINCE:** 2011

**EDUCATION:** Bachelor of Commerce (B.Comm)  
 Fellow of the Credit Union Institute of Canada (FCUIC)

**RELEVANT BOARD APPOINTMENTS:** Vice Chair, Credit Union Foundation of BC  
 Member, Central 1 Credit Union Technology Committee  
 Member, Solutions Centre Advisory Committee (credit union collaborative organization)  
 Chair, First Tee of Greater Vancouver

**BACKGROUND/ EXPERIENCE** 30 years' experience in the financial services industry with 25 in the credit union industry at G&F  
 Responsibilities have included retail and commercial lending, administration, marketing, human resources, strategy





**NAME:** Juliana Yung

**POSITION:** Executive Vice President, Credit

**OVERSIGHT FUNCTIONS:** Commercial and retail credit

**G&F EMPLOYEE SINCE:** 1980

**CURRENT POSITION HELD SINCE:** 2011

**EDUCATION:** Fellow of the Credit Union Institute of Canada (FCUIC)

**RELEVANT BOARD APPOINTMENTS:** Director of Hong Kong Merchants Association of Vancouver

**BACKGROUND/ EXPERIENCE** Over 35 years' experience in the financial services industry  
 Extensive knowledge in credit and commercial banking



**NAME:** Michael Atkinson

**POSITION:** Vice President, Wealth Management

**OVERSIGHT FUNCTIONS:** Wealth Management  
Insurance services

**G&F EMPLOYEE SINCE:** 2012

**CURRENT POSITION HELD SINCE:** 2012

**EDUCATION:** Bachelor of Arts (BA) Economics  
Master of Business Administration (MBA)  
Master of Science (MSc) Economic Policy  
Financial Management Advisor (FMA)  
Certified Financial Planner (CFP)

**RELEVANT BOARD APPOINTMENTS:** Advisor, SFU Finance Club Board  
Member, SUCCESS Foundation Board  
Member, Kwantlen Polytechnic University Foundation Board

**BACKGROUND / EXPERIENCE** Over 20 years' experience in the financial services industry  
Part-time economics instructor at British Columbia Institute of Technology  
Recipient of the National Young Leader Award in 2004 from Credit Union Central of Canada



<b>NAME:</b>	Bobby Dhillon
<b>POSITION:</b>	Vice President, Marketing
<b>OVERSIGHT FUNCTIONS:</b>	Marketing Communications Community investment
<b>G&amp;F EMPLOYEE SINCE:</b>	2013
<b>CURRENT POSITION HELD SINCE:</b>	2013
<b>EDUCATION:</b>	Bachelors of Business Administration (BBA)
<b>RELEVANT BOARD APPOINTMENTS:</b>	N/A
<b>BACKGROUND / EXPERIENCE</b>	Over 15 years' experience in the credit union industry



**NAME:** Christopher Goodman

**POSITION:** Vice President, Information Technology

**OVERSIGHT FUNCTIONS:** Information technology  
 Business solutions  
 IT infrastructure  
 Business analytics  
 Mobile application development  
 Property and premises

**G&F EMPLOYEE SINCE:** 1997

**CURRENT POSITION HELD SINCE:** 2011

**EDUCATION:** Bachelor of Arts (BA)  
 Master of Business Administration (MBA) Management of Technology

**RELEVANT BOARD APPOINTMENTS:** Board Chair, Ficanex Services, The Exchange Network  
 Chair, Fiserv Canadian Client Association

**BACKGROUND / EXPERIENCE** 20 years' experience in the credit union industry



**NAME:** Ron Lee

**POSITION:** Vice President, Finance

**OVERSIGHT FUNCTIONS:** Finance  
Treasury  
Risk management

**G&F EMPLOYEE SINCE:** 2001

**CURRENT POSITION HELD SINCE:** 2011

**EDUCATION:** Bachelors of Commerce (B.Comm)  
Chartered Professional Accountant (CPA, CA)

**RELEVANT BOARD APPOINTMENTS:** N/A

**BACKGROUND / EXPERIENCE** Over 20 years of combined financial expertise in public practice and industry



**NAME:** Nelson Sandhu

**POSITION:** Vice President, Member Experience

**OVERSIGHT FUNCTIONS:** Branch network  
 Member Hub call centre  
 Mobile Service Delivery  
 Service design

**G&F EMPLOYEE SINCE:** 2007

**CURRENT POSITION HELD SINCE:** 2011

**EDUCATION:** Bachelors of Science (B.Sc.)  
 Master of Business Administration (MBA) cross-enterprise leadership  
 Master's Diploma strategy and innovation

**RELEVANT BOARD APPOINTMENTS:** Finance Mentorship Program, Sauder School of Business

**BACKGROUND / EXPERIENCE** 15 years' experience in financial services industry  
 Head Instructor for 8 years in Physical Geography, Sediment, Environmental and Geosciences Laboratories for undergraduates/post-graduates at Hong Kong Baptist University  
 Published: Owen, R.B. Sandhu, N., 2000, Heavy metal accumulation and anthropogenic impacts. Marine Pollution Bulletin. 40, 174-180



**NAME:** Diane Sullivan

**POSITION:** Vice President, Human Resources

**OVERSIGHT FUNCTIONS:** Human resources  
Employee training and organizational development  
Compensation and benefits  
Labour relations

**G&F EMPLOYEE SINCE:** 2012

**CURRENT POSITION HELD SINCE:** 2012

**EDUCATION:** Master of Business Administration (MBA)  
Chartered Director (C.Dir.)  
Certified Human Resources Professional (CHRP)

**RELEVANT BOARD APPOINTMENTS:** Board Director, Credit Union, Pension and Benefits Trust  
Board Director, Burnaby Hospital Foundation

**BACKGROUND / EXPERIENCE** Over 15 years' experience in human resources  
13 years' experience in the financial services industry  
Lead teams in both private and public sectors

## CEO COMPENSATION DISCLOSURE

G&F's Executive compensation is overseen by the Compensation & Human Resources Committee of the Board of Directors. The Compensation & Human Resources Committee makes recommendations to the Board about:

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

## G&F'S COMPENSATION PHILOSOPHY

G&F's Total Compensation Philosophy applies to all employees. It is intended to attract and retain high caliber employees; ensuring compensation levels are competitive and fair. Therefore G&F offers a total compensation program that is comprehensive, competitive in the market place and recognizes exceptional talent.

We take a broad view towards total compensation including monetary and non-monetary programs that reflect our vision, values, and strategies. Our programs are designed to ensure we act as a team, perform to the best of our capability and consider our members in our decisions and actions. Our compensation philosophy provides the guiding principles for designing and delivering an effective reward program to attract, retain and engage our employees.

Our Total Compensation Program:

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

## CEO'S OFFICE

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

The 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).



	Bill Kiss	Jeff Shewfelt
ACTUAL BASE SALARY PAID	\$298,000	\$298,000
SHORT TERM INCENTIVE PAID FOR FY15	\$114,730	\$114,730
TOTAL	\$412,730	\$412,730

The Compensation & 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 union sector. The composition of the comparator group is based on credit unions across British Columbia within the same asset range as reported by Central 1.

The Co-CEO salary range is established based on the average of the top two positions for the comparator group as described. The Co-CEO structure allows G&F to have the same level of expertise as other larger credit unions without the additional expense of senior executive positions.

#### 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 apply equally to the Co-CEO's. Base salary progression is based on a pay for performance philosophy. The Co-CEO's base salary for 2015 is \$298,000.

The salary range is reviewed at least every three years to ensure it remains market competitive. The range is based on our comparative asset groups across British Columbia.

#### SHORT TERM INCENTIVE PROGRAM

The Co-CEO's participate in the Management Short Term Incentive Plan (STI) that rewards performance against a predefined set of objectives. The plan is designed to ensure we are not incenting behaviours which would create risk for our members or the sustainability of G&F. 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-CEO's. Maximum payout is 40% of base salary. For 2015 performance, each CEO's STI was \$114,730 which represents 39% of salary.

### **BENEFITS AND PERQUISITES**

The Co-CEO's participate in the benefits programs that are offered to all employees of G&F for which 100% of the premiums are paid for by G&F.

The program is comprehensive and encompasses medical, dental, disability and insurance coverage.

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-CEO's with business related expenses such as a taxable vehicle allowance and other taxable and nontaxable choices.

### **RETIREMENT INCOME PROGRAM**

The Co-CEO's participate in the RRSP plan designed for all G&F employees. They received 10.5% of their base salary contributed to their G&F RRSP up to the limit allowable under the CRA guidelines. Any amount in excess of their RRSP limit is paid as salary.

### **TERMINATION BENEFITS**

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 22 month severance package (including salary, incentives and benefits) owed to them.

## Internal Audit

Internal Audit at G&F 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 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

Harrop, Phillips, Powell & Gray LLP  
Vancouver, BC