

Board Effectiveness and Renewal Policy

Table of Contents

| | | |
|----------|---|----------|
| 1 | Introduction | 4 |
| 1.1 | Intent | 4 |
| 2 | Key characteristics of Directors | 4 |
| 2.1 | Desired personal attributes | 4 |
| 2.2 | Desired competencies and experience | 5 |
| 2.3 | Equity, diversity, and inclusion | 5 |
| 2.4 | Board, Committee, and Director Effectiveness Evaluation | 5 |
| 2.5 | Informal effectiveness evaluation | 5 |
| 2.6 | Formal effectiveness evaluation | 6 |
| 2.7 | Timeline for formal effectiveness evaluation | 6 |
| 2.8 | Scope of board effectiveness evaluation | 6 |
| 2.9 | Scope of committee effectiveness evaluation | 7 |
| 2.10 | Scope of Board Chair effectiveness evaluation | 7 |
| 2.11 | Scope of director effectiveness evaluation | 7 |
| 3 | Education and Development | 9 |
| 4 | Board Renewal | 9 |
| 4.1 | Elections | 9 |
| 4.2 | Skills, competencies, and attributes assessment | 9 |

1 Introduction

1.1 Intent

This document outlines how Tru Cooperative Bank (“Tru” or the “Cooperative Bank”) ensures the ongoing effectiveness and renewal of its Board of Directors (the “Board”). It details the process for identifying desired director characteristics, formal and informal evaluations, education and development, and renewal through elections and appointments.

2 Key characteristics of Directors

This section highlights the characteristics that ensure Tru’s Board of Directors is equitable, inclusive, and representative of a diverse range of personal attributes, skills, and experience. This diversity of perspectives strengthens the Board’s ability to fulfill its oversight responsibilities effectively.

2.1 Desired personal attributes

The following personal attributes are desired:

- Integrity and accountability.
- Strategic mindset.
- Ability to provide meaningful counsel on a broad range of issues, based on informed judgment.
- High ethical standards in personal and professional dealings.
- Respect for others.
- Active listener and clear communicator of ideas.
- Sound business judgment.
- History of achievements that reflect high standards for themselves and others.
- Ability to provide advice and make decisions in the best interest of the Cooperative Bank.
- No real or perceived conflicts.

2.2 Desired competencies and experience

As a group, Directors should possess skills and experience relevant to the Cooperative Bank's needs, which evolve to accommodate changes to Tru's operating environment, risk appetite, and/or external opportunities or challenges.

Each director is expected to contribute their expertise in at least one or more competencies including:

- Strategic growth & innovation
- Technology-driven evolution
- People and Culture
- Strategic financial oversight
- Risk management
- Real estate lending/development

2.3 Equity, diversity, and inclusion

As outlined in the Board Equity, Diversity and Inclusion Policy, the Cooperative Bank believes in having diverse representation among its Directors, reflecting the diversity of our members, employees, interested parties, and the communities the Cooperative Bank serves. As a result, the Board is dedicated to ensuring equitable and fair representation of equity deserving and inequity experiencing groups, including women, people with disabilities, and Black, Indigenous and People of Color.

The Board recognizes that diversity and inclusion is important to ensuring its Directors, collectively, possess the qualities, attributes, experience, and skills required to effectively steward and oversee the strategic direction and management of the Cooperative Bank. Furthermore, the Board has identified equity, diversity, and inclusion as essential elements in attracting high-calibre Directors and maintaining a high- functioning Board and business.

2.4 Board, Committee, and Director Effectiveness Evaluation

The Board uses both informal and formal evaluation methods to assess its overall effectiveness and identify areas of improvement, whether at the Board level, within committees, or for individual Directors. These evaluations also support the creation of development plans and guide the Board renewal process by highlighting the skills, experience, and personal attributes that may need to be strengthened.

2.5 Informal effectiveness evaluation

Informal evaluation will take place during the in-camera portion of each Board and Committee meeting, during informal conversations between the Board Chair, Vice-Chair, Directors, and the Chief Executive Officer ("CEO") and in other non-structured situations.

2.6 Formal effectiveness evaluation

Each year, the Governance Committee recommends a formal effectiveness evaluation process tailored to the Board's current stage of development. This process considers the Board's balance of skills, experience, independence, knowledge and commitment equity, diversity, and inclusion. Unless otherwise determined, evaluations of Directors and of the Board/Committee are conducted in alternating years. With Board approval, the Governance Committee may also engage an independent advisor to help design and implement the evaluation process.

2.7 Timeline for formal effectiveness evaluation

To ensure the annual evaluation is completed in time to inform other key Board processes, it will typically follow the timeline outlined in the Governance Committee and Board work plans:

- Q2: Governance Committee determines evaluation process form and approach; Board approves evaluation form and approach recommended by Governance Committee.
- Q3: Evaluation conducted, and results compiled and analysed.
- Q3: Board reviews evaluation results, builds plans to address findings.

2.8 Scope of board effectiveness evaluation

2.8.1 Evaluation process

The Board effectiveness evaluation helps the Board in:

- Assessing the Board's overall performance and contribution to Tru.
- Evaluating the mechanisms in place for the Board to operate effectively and make decisions in the best interest of Tru.
- Adding value to Tru.
- Enhancing and maintaining effective corporate governance practices.

2.8.2 Evaluation areas

Areas typically evaluated include, but are not limited to:

- Board composition, with reference to the Board Equity, Diversity, and Inclusion Policy.
- Board meeting quality, including appropriateness, effectiveness and sufficiency of topics, time allocation, and information provided.
- Dynamics, including the quality of discussions.
- Appropriateness and sufficiency of financial and operational reporting.
- Quality of relationship between Board and CEO.
- Quality of relationship between Board and management.
- Effectiveness of Committees and Board Chair.

- Board effectiveness in exercising independent judgment in directing and overseeing operations (independent of management, free from relationships that might interfere with exercise of independent judgment).
- Cooperative Bank’s practices regarding business conduct and ethical behaviour.
- Director training and education.
- Effectiveness of Board’s processes related to strategic planning, risk review, CEO evaluation, management development and succession, and compliance.
- Board’s relationship with interested parties and the public.

2.9 Scope of committee effectiveness evaluation

Committee effectiveness evaluations assess:

- Appropriateness of Committee mandates.
- Quality of Committee meetings.
- Appropriateness of Committee membership composition.
- Ability of Committee members to contribute to Committee work.

2.10 Scope of Board Chair effectiveness evaluation

Board Chair effectiveness evaluations are typically conducted by the Governance Committee or its designate (e.g., an external consultant).

Areas evaluated are based on the Board Chair Position Description and typically include, but are not limited to:

- Quality of Board Chair’s interaction and relationship with management.
- Ability to manage the Board and its activities.
- Effectiveness in representing the Board internally and externally.

2.11 Scope of director effectiveness evaluation

The Director effectiveness evaluation aims to enhance the Board's overall performance by supporting individual Directors in building on their strengths and identifying opportunities for ongoing professional development relevant to their Board role.

Evaluation areas are guided by the Individual Director Position Description and typically include, but are not limited to:

2.11.1 Strategy/vision:

- Bringing experience, wisdom, judgement, and influence to bear constructively on issues.
- Focusing on Tru’s strategy, business plan, risk appetite and culture, while also overseeing senior management and internal controls, rather than issues relating to Tru’s day-to-day operational management.

- Acting in Tru’s best interests rather than their own best interests or in the best interest of a region, specific interest group or constituency.

2.11.2 Communication:

- Asking probing questions and raising tough questions in a manner that encourages open discussion.
- Appropriately disclosing conflicts of interest.
- Being innovative and/or resourceful in finding or developing solutions.
- Providing constructive feedback to Board colleagues confidently and receiving feedback in the spirit of supporting greater learning and contribution to the Board.

2.11.3 Inclusivity:

- Listening to and valuing other perspectives.
- Expressing points of view for consideration even if they seem contrary to other opinions expressed.
- Analyzing issues from many perspectives and considering the effect of decisions on Tru’s internal and external environments (e.g., employees, members, communities, and other interested parties).

2.11.4 Member and community centric:

- Gaining knowledge of and understanding the needs of those served by Tru, which include but are not limited to members, communities, community organizations, employees, and partners.

2.11.5 Relationship building:

- Acting as a team player and promoting collaborative relationships with all Board colleagues.

2.11.6 Independence of mind

- Speaking and acting independently, and expressing opinions in a clear, organized, and relevant manner.
- Exercising good judgement and confidentiality.

2.11.7 Conflict resolution

- Supporting Board decisions positively once made.
- Advising the Board Chair and/or Corporate Secretary before introducing significant and previously unknown information when possible.

2.11.8 Active participation

- Preparing well and participating fully in Board and Committee meetings
- Exercising a logical, rational approach to problem solving.

3 Education and Development

New Directors receive a comprehensive orientation to help them quickly become effective Board members; details of this process are outlined in the Director Orientation, Education and Development Policy.

Beyond orientation, Directors are expected to engage in ongoing professional development, both individually and collectively, as recommended by the Board. All Directors must complete required training and proactively educate themselves on governance responsibilities and broader sector issues.

4 Board Renewal

A renewal process is necessary to ensure the Board remains adaptable to evolving conditions in the financial services industry, society, and within the Board itself. This approach brings fresh perspectives and ensures all Directors contribute meaningfully to the Cooperative Bank's success.

Key elements of Tru's Board renewal process include elections, assessment and identification of skills, competencies and attributes, as well as the recruitment and development of potential candidates.

4.1 Elections

Tru conducts staggered elections for its Board of Directors, unless otherwise specified under Tru's Bylaws, or determined by Board resolution. Directors serve three-year terms, with one-third of Directors elected each year. This approach promotes continual Board renewal and provides members with regular opportunities to influence the Board's composition.

Incumbent Directors are not automatically endorsed by the Nominations Task Force. Those seeking re-election must follow the same nomination process as new candidates.

Even if properly nominated by the membership, endorsement is not guaranteed; the decision to endorse any candidate is based on the Board's current needs as outlined in the most recent Director recruitment profile.

4.2 Skills, competencies, and attributes assessment

4.2.1 Skills, competencies, and attributes matrix

To ensure the Board maintains the necessary mix of skills, experience, and personal attributes, the Governance Committee annually prepares a matrix that identifies:

- The optimal attributes required for the Board as a whole,
- The skills and experience of continuing Directors
- Board composition with respect to equity, diversity, and inclusion, as defined in the Board Equity, Diversity, and Inclusion Policy, and

- Any gaps to be addressed through the election or appointment of new Directors.

Based on these identified gaps, the Governance Committee develops a Director recruitment profile for Board approval, outlining the key attributes needed for upcoming vacancies. Once approved, this profile is provided to the Nominations Task Force to inform its search for qualified Director candidates.

4.2.2 Assessment timeline

To ensure the assessment informs the annual democratic process, the skills, competencies, and attributes review follows the timeline set out in the Governance Committee and Board work plans:

- Q2: The Governance Committee reviews and updates the skills, competencies, and attributes matrix, recommending Board approval of the proposed assessment
- Q2: Directors provide input to update the matrix; the matrix is finalized using Directors' input
- Q2: The Governance Committee and Board approve the updated matrix and the recruitment profile derived from its results.