

# Director Compensation and Expense Policy

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# 1 Introduction

## 1.1 Intent

This policy outlines how members of Tru Cooperative Bank's ("Tru" or the "Cooperative Bank") Board of Directors (the "Board") are compensated for their contributions to the Cooperative Bank.

## 2 Compensation Philosophy

Director compensation is set to attract and retain qualified individuals, reflecting their expertise, the level of risk they accept, and expected contributions. Director compensation is set at a rate comparable with credit unions of a similar size, regional financial institutions, and publicly traded companies of similar size.

### 2.1 Setting and reviewing compensation

The Board is authorized to set Director compensation. The Board is assisted in setting its compensation by an independent panel of members that is appointed at least every three years. The independent panel of members makes recommendations to the Board to ensure Directors are appropriately compensated.

### 2.2 Considerations in setting Director compensation

The following elements are considered in setting Director compensation:

- Directors' responsibilities and the professional nature of the work they are expected to perform.
- Attracting and retaining qualified individuals.
- Partial compensation for time and lost opportunity costs.
- The different levels of time and responsibility associated with the Board Chair, Committee Chair, and individual Director positions.
- An element of volunteerism.

**2.3 Flat-fee annual retainers**

Directors receive a flat-fee annual retainer, covering all Board and Committee meetings, system meetings, community events, the annual general meeting, and First West Foundation meetings (if applicable), regardless of format or frequency.

Compensation varies by position, with annual retainers for Committee leadership roles. The following table outlines annual retainers and supplemental fees.

<b>Position</b>	<b>Annual Retainer</b>	<b>Notes</b>
Board Chair	\$88,517	
Board Vice-Chair	\$48,843	
Director	\$42,994	
Audit Committee Chair	\$11,695	In addition to
Risk Committee Chair	\$11,695	annual retainer
Other Committee Chair/Task Force	\$5,849	

**2.4 Extraordinary service**

Directors receive an annual retainer that covers their contributions, regardless of variations in workload due to Committee membership, Board roles, or other responsibilities. This annual retainer is considered sufficient except in rare, exceptional circumstances. In such cases, the Governance Committee may designate certain service as “extraordinary,” qualifying Directors for additional compensation. Extraordinary service is compensated at \$800 per day for meetings exceeding four hours and \$400 per day for meetings under four hours.

**2.5 Compensation for members-at-large**

Cooperative Bank members who are not Directors may receive compensation for serving as members-at-large on Board Committees. Compensation is provided at a rate of \$800 per day for meetings exceeding four hours and \$400 per day for meetings under four hours. While members-at-large are not eligible for travel fees or benefits, they may be reimbursed for mileage and expenses per the Management Guideline on Business and Travel Expense.

## **2.6 Travel fees**

Directors are paid a set travel fee of \$500 for travel exceeding four hours when they travel to and from Board and Committee meetings, or other Board duties as requested of the Director. When Directors are required to travel extraordinary time or distances to carry out their duties (as determined at the discretion of the Board Chair, a relevant Committee Chair or the Corporate Secretary), the travel fee is doubled.

Travel fees are not paid for travel to and from community or Tru social events.

Directors and Committee members-at-large are reimbursed for mileage, accommodation, airfare, and meals incurred in connection with carrying out Tru business.

Details about the amounts paid and eligibility for reimbursement are included in the Management Guideline on Business and Travel Expense, which is available on the secure Board portal.

## **2.7 Benefits not paid**

As non-employees of the Cooperative Bank, Directors do not receive medical, dental, or other benefits as part of their compensation.

## **2.8 Travel guidelines**

Directors should endeavour to travel in the most economical way. This includes, but is not limited to, travelling on the same day as a meeting, travelling in one day rather than two and choosing the lowest fare-class if travelling by air.

The following groups should not travel on the same flight or in the same vehicle:

- The Board Chair and Board Vice-Chair.
- The Board Chair and the Cooperative Bank's Chief Executive Officer.
- The Chair and Vice-Chair of a Committee.
- Groups of three or more Directors.

## **2.9 Spouses accompanying Directors**

Directors' spouses are not required to attend Tru meetings or events. If a Director chooses to have their spouse accompany them, all costs associated with such travel will be borne by the Director.

## **2.10 Payment of compensation**

To ensure compensation is properly paid, Directors must follow these steps:

- Directors must track all mileage and expenses, retaining receipts.
- Each month, the Senior Executive Assistant to the Board of Directors will request by email that Directors submit a detailed account of the information they have collected using the provided expense and payroll form.
- Retainers and travel fees (if applicable) will be paid monthly in arrears, less applicable deductions (income tax, Canada Pension Plan, etc.).
- Mileage and expense claims will be paid monthly.

## **2.11 Disclosure of compensation**

Each Director's compensation, including retainers, travel fees, expenses, and mileage, will be reported in the Cooperative Bank's annual report, along with information on Tru's Director compensation philosophy, processes, and practices.

## Appendix 1: Compensation eligibility by event

The following table outlines the type of compensation that may be claimed for each type of event attended by Directors:

<b>Meetings</b>	<b>Annual Retainer<sup>1</sup></b>	<b>Travel Fee</b>	<b>Mileage<sup>2</sup></b>	<b>Expenses<sup>2</sup></b>
Board or Committee meeting	✓	Note 3	✓	✓
Annual general meeting	✓	Note 3	✓	✓
First West Foundation, Foundation committee	✓	Note 3	✓	✓
Community/Tru social events	✓	✓	✓	✓
<b>Education and Development</b>	<b>Annual Retainer<sup>1</sup></b>	<b>Travel Fee</b>	<b>Mileage<sup>2</sup></b>	<b>Expenses<sup>2</sup></b>
Director orientation	✓	Note 3	✓	✓
Director assessment sessions	✓	Note 3	✓	✓
Mandatory education (CUDA Level A)	✓	Note 3	✓	✓
Discretionary education (CUDA, etc.)	✓	Director Education Allowance <sup>4</sup>		
<b>Conferences and Industry Events</b>	<b>Annual Retainer<sup>1</sup></b>	<b>Travel Fee</b>	<b>Mileage<sup>2</sup></b>	<b>Expenses<sup>2</sup></b>
Designated system events	✓	Note 3	✓	✓
- Central 1 conference and AGM				
- Peer group meetings				
- CCUA conference				
- WOCCU conference				
Other conferences/events - Board-requested	✓	Note 3	✓	✓
Other conferences/events - Director-requested	✓	Director Education Allowance <sup>4</sup>		

<sup>1</sup> Annual amount paid in 12 equal instalments

<sup>2</sup> As per Management Guideline on Business and Travel Expense (available on secure board portal)

<sup>3</sup> Paid only for travel outside the Director's designated home region

<sup>4</sup> Each Director is allotted \$15,000 for their first three-year term and \$12,000 for each subsequent three-year term for discretionary education, including courses, conferences, and industry events. See the Director Orientation, Education and Development Policy for more information.