



INTERIOR SAVINGS CREDIT UNION  
2015 CORPORATE GOVERNANCE  
REPORT

## **Introduction**

Good governance is essential to the effective operation of Interior Savings Credit Union (ISCU) and its ongoing success.

“Corporate governance refers to **oversight mechanisms**, including the processes, structures, and information used for directing and overseeing the management of a company. It encompasses the means by which members of the Board of Directors and senior management are held accountable for their actions and for the establishment and implementation of oversight functions and processes.”<sup>1</sup>

In its Governance Guideline issued to BC Credit Unions in September 2013, the Financial Institution Commission notes that it *“holds the Board of Directors (board) accountable for the stewardship of a credit union. FICOM relies on the board, as a core oversight function, to take all reasonable steps to ensure the safety, stability and sustainability of its credit union. The successful operation of a credit union contributes to maintaining and enhancing trust and confidence in the province’s credit union system and the economy as a whole.”*

## **The Board of Directors**

The Board of Directors oversees the management of the organization. The Board carries out its stewardship responsibilities by selecting the right management for the organization, approving the organization’s strategic direction and monitoring how management operates the organization as it seeks to fulfill its strategies and goals and objectives. Corporate governance practices and policies are regularly reviewed for improvements and recent developments which will strengthen the ability of the Board to fulfill its mandate.

### Board Composition

The Board is comprised of 12 members, with representation from the geographic areas in accordance with the Rules of ISCU. To promote continuity of Board composition, each year the terms of four directors expire. Board members may seek re-election at that time.

### Mandate

The oversight responsibilities for the Board of Directors as a whole are defined in the Board Roles and Responsibilities. The main duties defined are:

- Strategic planning – adopting a process, reviewing and approving the Vision, Mission, Values, Strategic plan, annual business plan and budgets.
- Succession planning – selecting the CEO, monitoring performance, establishing compensation.
- Risk Management – understanding the principal risks and oversight of enterprise risk management and determines risk appetite
- Communications – ensuring the Credit Union communicates effectively to members, employees, regulators and other stakeholders
- Internal Control and Management Information Systems – establish standards of business conduct and ethical behaviours and ensure policies, controls and compliance are in place
- On-going Monitoring – reviewing progress towards business plan goals, financial performance and significant developments impacting the credit union.

Details of the Board’s role are set out in its Roles and Responsibilities.

Each director has the responsibility to act

- 1) in good faith,
- 2) with a view to the best interest of the Credit Union,
- 3) with the care, diligence and skill of a reasonably prudent person and
- 4) on behalf of, and for the benefit of, the Credit Union.

The Directors’ Roles and Responsibilities set out more definition in these areas.

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<sup>1</sup> Source:

*Corporate Governance Guideline,*  
Office of the Superintendent of Financial Institutions Canada, January 2003

There are also written roles and responsibilities defined for the Board Chair, Vice Chair and Committee Chairs. The Board elects the Board Chair and Vice Chair annually. Committees elect the Committee Chairs annually. For 2016, the Committee Chairs will be elected by the Board of Directors as a whole.

Director Independence

Each Director is independent of management.

Communication with members

The Board encourages participation of members in voting on the election of Directors and attendance at the AGM. Communication with members includes the annual report, the "Accounts of Interest" newsletter, our website interiorsavings.com, and other information distributed to members from time to time.

Operations

The Board is also responsible for its own operations and effectiveness.

Meetings – there are a minimum of 4 board meetings during the year as well as two planning sessions. During those meetings the board regularly meets without management present.

Ethical Conduct – In its oversight, the Board strives to ensure that the Credit Union maintains a high standard of ethical, moral and legal conduct in all business practices. The Board has approved a Code of Conduct and Conflict of Interest policy for directors, officers and employees outlining the expected behaviours. Annually, each director, officer and employee must sign a code of conduct and conflict of interest declaration.

On-going development – each new director is provided an orientation for familiarization to the credit union and its operations. There are also a number of mandatory courses that all directors must complete when elected to the Board. Directors are encouraged to continue with professional development and education opportunities throughout their time on the board, given the governance, technical and financial industry changes that regularly occur. Directors are each allocated funding for continuous learning and development during their three year term.

Assessments – The Board of Directors completes an assessment of board, committee and individual director's performance on a regular basis. This assists in determining and improving the effectiveness of the board's performance. The Board also completes an assessment of its governance practices on a periodic basis.

Nominations and Elections – Elections are held annually and the normal term of office is three years. To stand for election the member's nomination must meet the requirements stipulated in the Rules of ISCU. These rules were amended in 2012 to allow for the Board of Directors to identify candidates that fulfill specific skill gaps identified on the Board. Beginning with the 2012 election as the starting point, the maximum number of successive terms a director can be elected to is 4 terms. Directors are elected by electronic or mail ballot. Two positions were open in the Thompson/South Okanagan voting region. Jeff Holm and Shelley Sanders were re-elected for a 3 year term (2015-2018). Two positions were open in the Central/Northern Okanagan voting region. Stacey Fenwick and Pat Ryan were elected to a 3 year term (2015-2018).

Independent Advisors – The Board and each Committee have the authority to hire independent legal, financial or other advisors as they deem necessary.

Director Remuneration

Remuneration for the directors of the credit union must be approved by the membership at the Annual General Meeting. Remuneration is reviewed every three years by the Governance Committee, with any suggested changes put forward to a membership vote. Total combined remuneration paid to the Board of Directors in any one year is a maximum of \$252,000. In addition board members are reimbursed for travel and other out-of-pocket expenses

Committees

To assist in the execution of its responsibilities, the Board has delegated specific responsibilities to seven standing committees. The Committees make recommendations to the Board and regularly report out on their meetings.

Board members may serve on more than one committee and each committee has a minimum of four directors. Board committee assignments are reviewed annually and rotated periodically, taking into account directors' interest, areas of expertise, and Board needs. Committee members are appointed by the Board Chair in consultation with the Governance Committee, with the exception of the Conduct Review Committee, which must be elected by the Board of Directors.

The Committees and an overview of their mandates are:

Audit Committee – assists the Board of Directors in fulfilling its financial reporting, internal control, management information systems, risk management, and compliance responsibilities, including responsibility for the internal and external audit engagements. The Audit Committee meets regularly with both the internal and external auditors without management present.

Community Investment and Member Relations Committee (CIMR) – ensures the implementation and ongoing review of the Community Investment Strategy and that the Credit Union's corporate citizenship commitments are met within the spirit of the overall strategic plan. The Committee also ensures that a member communication policy is in place and that there is a process for handling member complaints.

Conduct Review Committee (CRC) – is established in accordance with the Financial Institutions Act (FIA). This Committee oversees the establishment of standards of business conduct and compliance with legislation regarding privacy of personal information. It also deals with director, Credit Union or third-party conflicts of interest and monitors related parties as per regulatory requirements.

Governance Committee – the primary role is to ensure that the Board of Directors provides for effective governance with respect to board composition, competency and oversight, as well as monitoring current and evolving governance practices. The Committee reviews certain statutory requirements such as the Annual General Meeting and on a periodic basis, the Rules of the Credit Union.

Human Resources Committee – reviews and makes recommendations on human resource matters including the compensation of the CEO, and manages the process of evaluating the performance of the CEO. The Committee also reviews the CEO and executive succession plan and the employee compensation philosophy statement.

Investment and Loan Committee – provides oversight of risk management activities related to investment risk, credit risk, liquidity risk, structural risk and capital management. This includes review of the policies, limits and reporting with respect to each of those risk areas. The Committee also includes two members of management appointed by the Chief Executive Officer.

Nominations and Elections Committee – ensures that the Credit Union fulfills the process of electing persons to the Board of Directors consistent with legislative requirements and the Rules as set by members. This includes monitoring communications and timelines as well as ensuring a proper and valid count of ballots. Directors standing for re-election are not eligible to act on this Committee.

**2015 Directors Compensation Disclosure**

Interior Savings Credit Union and its subsidiaries have 21 credit union locations and 15 insurance offices in 14 communities throughout the Okanagan and Thompson regions of British Columbia. The membership of the credit union is diverse reflecting the communities it serves. Proper disclosure of compensation provided to the Board of Directors and to the Chief Executive Officer is now required. This information is presented in the following pages.

The Board's compensation had been designed to attract, develop, and retain individuals who are aligned with the values and purpose of Interior Savings Credit Union and are committed to its long term and ongoing success. To ensure this level of knowledge requires that directors are adequately and competitively compensated, and provided with opportunities to develop their competencies and expertise to further enhance the capacity of the board.

Every three years, the compensation for the directors is reviewed and an aggregate amount for the Board as a whole is presented to the membership of the credit union for their approval. When evaluating an appropriate level of remuneration for the Board, many elements are considered including:

- The need to attract and retain knowledgeable directors with the skills and attributes required to advance our credit union's business strategy within our defined risk appetite;
- The credit union's mission, vision, and values;
- The time commitment required as well as the level of responsibility required by a director.

On a broad basis, the Board is accountable for establishing the credit unions strategic plan, corporate goals, representing the interests of members, and hiring the Chief Executive Officer.

Interior Savings Total Reward Philosophy, applies to all employees including the CEO and Senior Executive team. The purpose of the total rewards philosophy for the employees is to nurture the employee experience through a variety of reward offerings that support the desired behaviors and outcomes expected to deliver on Interior Savings business goals. To remain fiscally responsible and market competitive, Interior Savings aims to compensate at the median of the market place.

In keeping with this compensation philosophy and to maintain and attract executive talent, the credit union is committed to compensating the executive team in a manner that is fair, consistent, reflective of the external market, and provides recognition for the achievement of ISCU's business goals.

**Director Compensation**

The compensation period is for the 2015 calendar year. When there are multiple meetings on one day, directors are compensated to a maximum meeting per diem of \$300 regardless of how many meetings there were in a given day. Annual honorariums for various board positions are presented below:

Board Chair	\$23,000 per year
Vice-Chair	\$15,000 per year
Directors	\$12,000 per year
Level 1 Committee Chairs (Audit, Governance, Human Resources, Investment & Lending)	\$2,000 per year
Level 2 Committee Chairs (Conduct Review, Community Investment & Member Relations, Nominations & Elections, and Interior Savings Insurance)	\$1,000 per year
Board Meeting Attendance – in person	\$300 per meeting
Board Meeting Attendance – remote access (participation via conference call, Skype, etc.)	\$150 per meeting
Committee Meeting Attendance – in person	\$150 per meeting
Committee Meeting Attendance – remote access (participation via conference call, Skype, etc.)	\$75 per meeting

Reimbursable Expenses

In completing the duties as a board member of our credit union, it is recognized that the directors will incur expenses as they fulfill their responsibilities. The types of expenditures covered by the credit union are defined by policy and directors are expected to use discretion and good judgment in incurring an expense on behalf of the credit union. Directors receive a small allowance for the operation of a home office and associated technology expenses. The directors also can choose to access free banking services from the credit union.

Training and Development

The directors undertake ongoing professional development to ensure a good understanding of the business being faced by the credit union as well as being informed of emerging regulatory and governance requirements. These professional development fees and training costs are reported below.

Summary of Compensation of Expenses for 2015

Director	Director Compensation			Reimbursable Expense	Training & Development
	Annual Honorariums	Meeting per diems	Total		
Wendy Caban**	\$4,015	\$900	\$4,915	\$389	\$1,433
Rolli Cacchioni	\$13,708	\$5,100	\$18,808	\$4,866	\$1,009
Liza Curran	\$12,000	\$5,400	\$17,400	\$3,106	\$2,236
Elmer Epp, Board Chair	\$23,000	\$5,475	\$28,475	\$4,678	\$880
Stacey Fenwick*	\$8,692	\$3,450	\$12,142	\$949	\$1,778
Pauline Fleming**	\$4,015	\$750	\$4,765	\$272	\$0
Don Grant	\$14,385	\$5,550	\$19,935	\$2,285	\$6,876
Jeff Holm, Vice-Chair	\$15,769	\$5,400	\$21,169	\$1,042	\$3,708
Bianca Iafrancesco	\$14,000	\$4,350	\$18,350	\$1,007	\$0
Gordon Matthews	\$13,385	\$4,650	\$18,035	\$1,955	\$1,340
Pat Ryan*	\$8,031	\$3,300	\$11,331	\$1,116	\$666
Shelley Sanders	\$12,662	\$3,375	\$16,037	\$1,736	\$2,252
Stephanie Teare	\$12,000	\$3,525	\$15,525	\$3,002	\$4,149
Rick Weger	\$13,323	\$5,250	\$18,573	\$1,419	\$5,208
<b>Total Compensation</b>	<b>\$168,985</b>	<b>\$56,475</b>	<b>\$225,460</b>		

\*Director term April 2015 to April 2018

\*\*Director term April 2012 to April 2015

**2015 Board of Directors**

	Name:	<b>Wendy Caban</b>
	Background & Experience	Mrs. Caban retired in 2006 as Corporate Services-Human Resources Manager and Deputy Clerk with the District of Lake Country. She has lived in Lake Country for over 40 years and has been extremely active as a volunteer in her community. She has been a member of Interior Savings for 36 years and was elected to the Board in 2006. She has served as Chair of both the Municipal Administrative Training Institute (MATI) and Kidsport Lake Country and is an active member of the Rotary Club of Lake Country.
	Position:	Director (Lake Country)
	Director since:	2006
	Current term:	2012-2015 retired from Board May 2015
	Current Committees:	Community Investment & Member Relations Committee Conduct Review Committee Human Resources Committee
	Other relevant Board appointments:	Central 1 Credit Union– Alternate Delegate
	Name:	<b>Rolli Cacchioni</b>
	Background & Experience	Mr. Cacchioni is a long time member of Interior Savings. He has served our Board for a number of years, and chaired it from 1989 to 1996. He currently sits on the Audit and Nominations and Elections Committees, and is the Chair of the Governance Committee. He has served as a Trustee on the Board of Education of the Central Okanagan School District for the past ten and a half years.
	Position:	Director (Kelowna)
	Director since:	1982
	Current term:	2014-2017
	Current Committees:	Audit Committee Governance Committee (Chair) Nominations & Elections Committee (Chair)
	Other relevant Board appointments:	Board of Education- School District No. 23 Central Okanagan BC School Trustees Association – Member of the Finance Committee
	Name:	<b>Liza Curran</b>
	Background & Experience	Ms. Curran is a Chartered Professional Accountant with a lengthy background in both private and public practice. She became a member of ISCU in 1991. Ms. Curran has served on the Boards of The Friends of Historic Hat Creek Ranch Society, the Thompson Cariboo Minor Hockey Association, the Ashcroft Elementary School Parent's Advisory Council and School Planning Council. Ms. Curran joined the Interior Savings Board of Directors in 2014 and currently sits on the Audit, Investment & Lending, and Nominations & Elections Committees.
	Position:	Director (Ashcroft)
	Director since:	2014
	Current term:	2014-2017
	Current Committees:	Audit Committee Conduct Review Committee Investment & Lending Committee Nominations & Elections Committee

	Name:	<b>Elmer Epp</b>
	Background & Experience	Mr. Epp's membership in Interior Savings goes back over 30 years. He has also been a member of our organization's Board for 20 years, including serving as the Chair from 1998 to present. In April 2013, Mr. Epp was elected to the Board of Central1 Credit Union which represents all of the Credit Unions in BC and most of the Credit Unions in Ontario. He is the Chair of the Central1 Legislative Committee, as well the Chair of the Central1 Conduct Review and Corporate Governance Committee. Mr. Epp is a lawyer with the law firm of Cates Ford Oien Epp specializing in corporate and commercial law.
	Position:	Board Chair (Kamloops)
	Director since:	1995
	Current term:	2014-2017
	Current Committees:	Governance Committee Investment & Lending Committee Conduct Review Committee (ex-officio) Human Resources Committee (ex-officio) Nominations & Elections Committee (ex-officio)
Other relevant Board appointments:	Central 1 Credit Union - Director	
	Name:	<b>Stacey Fenwick</b>
	Background & Experience	Ms. Fenwick has been a member of Interior Savings since 1992 and was elected to the Board of Directors in 2015. She has a Master in Business Administration in Strategic Management from the University of British Columbia and is currently working as a professor at the Okanagan School of Business at Okanagan College. Ms. Fenwick is the Chair of the Conduct Review Committee, and a member of the Governance, and Nominations & Elections Committees. She is also the vice-chair of the Board at Habitat for Humanity Okanagan.
	Position:	Director (Kelowna)
	Director since:	2015
	Current term:	2015-2018
	Current Committees:	Interior Savings Insurance Board of Directors (Chair) Conduct Review Committee (Chair) Governance Committee Nominations & Elections Committee
	Name:	<b>Pauline Fleming</b>
	Background & Experience	Mrs. Fleming has been a member of Interior Savings for over 30 years, and a Director for the past fifteen years. During her tenure as Director, she has served on several Board committees. Retired from the Central Okanagan School District where she was Teacher-Librarian and Professional Development Chair, Mrs. Fleming currently operates a small business in Kelowna.
	Position:	Director (Kelowna)
	Director since:	1999
	Current term:	2012-2015 retired from Board May 2015
	Current Committees:	Human Resources Committee Investment & Lending Committee

	Name:	<b>Don Grant</b>
	Background & Experience	Mr. Grant has been a member of Interior Savings since 1991. During his time as a Director, he has served as both Vice Chair and Chair of the Board of Interior Savings. He has been actively involved with many of the Board's committees and is currently the Chair of the Investment & Lending Committee. Don is a member of the Institute of Corporate Directors and a Community Representative on the BC College of Dietitians' Registration Committee. In 2014, Mr. Grant retired from LifeScan, a division of Johnson & Johnson.
	Position:	Director (Peachland)
	Director since:	1994
	Current term:	2013-2016
	Current Committees:	Community Investment & Member Relations Committee (Chair) Investment & Lending Committee (Chair) Human Resources Committee Nominations & Elections Committee
	Name:	<b>Jeff Holm</b>
	Background & Experience	A Credit Union Member for over 40 years, Jeff was first elected to the Board of Interior Savings Credit Union in 2003. Mr. Holm received his accreditation as a Canadian Credit Union Director from Dalhousie University in 2010. He currently serves as the Vice-Chair of Interior Savings, and is a member of the Human Resources and Investment & Lending Committees, as well as the Chair of the regional Peer Group 2. Mr. Holm practices as a professional civil engineer in Kamloops and is Senior Infrastructure Manager for Allnorth Consultants Limited. He is a Past President of the Association of Professional Engineers and Geoscientists of BC and is a Fellow of Engineers Canada and Geoscientists Canada.
	Position:	Vice-Chair (Kamloops)
	Director since:	2003
	Current term:	2015-2018
	Current Committees:	Human Resources Committee (Chair) Governance Committee Investment & Lending Committee
Other relevant Board appointments:	Peer Group 2 – Chair Stabilization Central - Director	
	Name:	<b>Bianca Iafrancesco</b>
	Background & Experience	Mrs. Iafrancesco has lived in Kelowna since 1957. She has always been employed in the accounting field and for 12 years operated her own accounting firm. She has been a member of Interior Savings since 1982, and a Director of our Board since 2000. Mrs. Iafrancesco currently serves on the Community Investment & Member Relations Committee and the Audit Committee, which she has been chair of for the last five years, as well as having served on various other board committees.
	Position:	Director (Kelowna)
	Director since:	2000
	Current term:	2013-2016
Committees:	Audit Committee (Chair) Community Investment & Member Relations Nominations & Elections Committee	

	Name:	<b>Gordon Matthews</b>
	Background & Experience	Mr. Matthews has lived in Ashcroft for 50 years. He was employed at Highland Valley Copper for 37 years and retired in 2001 from the position of Superintendent, Personnel. He has been a member of Interior Savings for 26 years and a Board member for 20 years. He is currently the Chair of the Community Investment Member Relations Committee and is a member of the Human Resources and Conduct Review Committees.
	Position:	Director (Ashcroft)
	Director since:	1994
	Current term:	2013-2016
	Committees:	Community Investment & Member Relations Committee (Chair) Conduct Review Committee Human Resources Committee Governance Committee (Chair) Nominations & Elections Committee
	Name:	<b>Pat Ryan</b>
	Background & Experience	Mr. Ryan is a Chartered Professional Accountant, with a certificate in Health Care Administration, a diploma in Business Administration, and a Masters Degree in Leadership and Training. He was elected to the Board of Directors in 2015. Mr. Ryan currently sits on the Audit Committee and Governance Committee.
	Position:	Director (Kelowna)
	Director since:	2015
	Current term:	2015-2018
	Committees:	Audit Committee Governance Committee
	Name:	<b>Shelley Sanders</b>
	Background & Experience	A long time resident of Merritt and a member of Interior Savings since, 1986, Shelley was elected to the Board in 2012. She is employed with Interior Health as the Laboratory Manager at Royal Inland Hospital in Kamloops. Shelley has numerous years of Board experience on National and Provincial organizations and has also served on City Council in Merritt. Mrs. Sanders currently sits on the Human Resources and is Chair of the Nominations & Elections Committees.
	Position:	Director (Merritt)
	Director since:	2012
	Current term:	2015-2018
	Committees:	Nominations & Elections Committee (Chair) Human Resources Committee Conduct Review Committee (Chair) Governance Committee

	Name:	<b>Stephanie Teare</b>
	Background & Experience	Stephanie Teare has been a member of Interior Savings since 2004 and was elected as a Director in 2010. She has lived in Clearwater for over eleven years and completed two terms as a Councilor for the District of Clearwater where she was Chair of the Finance and Audit Committee. Ms. Teare has been an active member of the Clearwater community, where she worked for the Department of Fisheries and Oceans, owned and operated a small business and was a Board Director for the Clearwater Ski Club.
	Position:	Director (Clearwater)
	Director since:	2010
	Current term:	2013-2016
	Committees:	Community Investment & Member Relations Committee Conduct Review Committee Human Resources
	Name:	<b>Rick Weger</b>
	Background & Experience	Mr. Weger has been a Credit Union member for over 30 years and has worked in the Financial Services Industry his entire career. He has worked on banking projects in countries in Europe, Asia, Africa and the Caribbean and has extensive experience in Credit Union regulation, credit, lending, training and small and medium enterprise business development. Mr. Weger was elected to the Interior Savings Board of Directors in 2014, and is currently the Chair of the Human Resources Committee, and sits on the Investment & Lending and Conduct Review Committees.
	Position:	Director (Kelowna)
	Director since:	2014
	Current term:	2014-2017
	Committees:	Audit Committee Human Resources Committee (Chair) Conduct Review Committee Investment & Lending Committee
	Other relevant Board appointments:	Central 1 Credit Union - Delegate

**RECORD OF ATTENDANCE, BY DIRECTOR – January 1, 2015 to December 31, 2015**

Meeting type	Membership	# of Meetings (*eligible to attend)	# attended in person or by teleconference	# attended remotely	# excused	# absent
<b>Board</b>	Wendy Caban	3	3			
	Rolli Cacchioni	16	16			
	Liza Curran	16	16			
	Elmer Epp, Board Chair	16	16			
	Stacey Fenwick	14	13		1	
	Pauline Fleming	3	2		1	
	Don Grant	16	15		1	
	Jeff Holm	16	15		1	
	Bianca lafrancesco	16	16			
	Gordon Matthews	16	16			
	Pat Ryan	14	14			
	Shelley Sanders	16	13		3	
	Stephanie Teare	16	15		1	
	Rick Weger	16	15		1	
<b>Audit Committee</b>	Rolli Cacchioni	4	4			
	Liza Curran	4	4			
	Bianca lafrancesco	4	4			
	Pat Ryan	3	2		1	
	Rick Weger	1	1			
<b>Community Investment &amp; Member Relations</b>	Wendy Caban					
	Don Grant	2	2			
	Bianca lafrancesco	2	2			
	Gordon Matthews	2	2			
	Stephanie Teare	2		2		
<b>Conduct Review Committee</b>	Wendy Caban	1		1		
	Liza Curran	1	1			
	Stacey Fenwick	1	1			
	Gordon Matthews	1	1			
	Shelley Sanders	1	1			
	Stephanie Teare	2	1	1		
	Rick Weger	1	1			
<b>Governance Committee</b>	Rolli Cacchioni	5	5			
	Elmer Epp	5	5			
	Stacey Fenwick	3	3			
	Jeff Holm	5	5			
	Gordon Matthews	2	2			
	Pat Ryan	3	2		1	
	Shelley Sanders	2	1	1		

\*Total meetings for committee members may vary due to committee membership appointment dates and committee meeting schedules.

<b>Meeting type</b>	<b>Membership</b>	<b># of Meetings (*eligible to attend)</b>	<b># attended in person</b>	<b># attended remotely</b>	<b># excused</b>	<b># absent</b>
<b>Human Resources Committee</b>	Wendy Caban	1		1		
	Rolli Cacchioni					
	Elmer Epp	4	4			
	Pauline Fleming	1	1			
	Don Grant	3	2		1	
	Jeff Holm	4	4			
	Gordon Matthews	4	4			
	Shelley Sanders	1	1			
	Stephanie Teare	1		1		
	Rick Weger	3	3			
<b>Investment &amp; Lending Committee</b>	Liza Curran	15	14		1	
	Elmer Epp	16	15		1	
	Pauline Fleming	2	2			
	Don Grant	17	17			
	Jeff Holm	17	15		2	
	Rick Weger	17	15		2	
<b>Nominations &amp; Elections Committee</b>	Rolli Cacchioni	4	4			
	Liza Curran	4	4			
	Stacey Fenwick	4	4			
	Don Grant	0	0			
	Bianca lafrancesco	0	0			
	Gordon Matthews	0	0			
	Shelley Sanders	4	4			

\*Total meetings for committee members may vary due to committee membership appointment dates and committee meeting schedules.

**CEO Compensation Disclosure**

**Our Compensation Philosophy**

Interior Savings Total Reward Philosophy, applies to all employees including the CEO and Senior Executive team. The purpose of our total rewards philosophy for our employees is to nurture the employee experience through a variety of reward offerings that support the desired behaviors and outcomes expected to deliver on Interior Savings business goals. To remain fiscally responsible and market competitive, Interior Savings aims to compensate at the Median of the market place.

In keeping with Interior Savings compensation philosophy and to maintain and attract executive talent we are committed to compensating our executive team in a manner that is fair, consistent, reflective of the external market, and provides recognition for the achievement of ISCU's business goals.

**CEO Compensation Breakdown**

The CEO compensation package is reviewed by the Board of Directors on an annual basis. The Board compares the total compensation package to that of other B.C. Credit Unions. The total compensation package, includes provisions should the CEO be terminated without cause. The severance amount is based on total years of service with a minimum payment of 12 month's salary and a maximum payment of 24 month's salary.

ISCU targets the median for base salary and total compensation in the comparator market.

<b>Description</b>	<b>Pay- out- Year</b>	<b>Amount</b>
Base Salary	2015 Base Salary	\$356,264
Short Term Incentive	Paid in 2016 for 2015 fiscal year	\$41,715 (annually)
Long term Incentive	No Long Term Incentive Payout in 2015	\$0
Benefits & Pension	Estimated values at approx. 10.8% of base salary (excluding SERP)	\$38,477 (computed cash equivalency)
* Supplemental Executive Retirement Plan (SERP)	See note below	
Car Allowance		\$600.00 (monthly) \$7,200.00
Other Perquisites		\$1000.00 (annually)
<b>Total Compensation</b>		<b>\$406,179</b>
<b>Total Compensation</b> (including cash equivalency for Benefits & Pension)		<b>\$444,656</b>

\*SERP –All employees at Interior Savings have pensionable earnings equal to full salary. The defined plan for pensionable earnings has a cap. To ensure the CEO is placed in the same position as all other employees a SERP is provided to ensure the CEO has a fully pensionable earnings.

**CEO Compensation Components**

There are several components that are included in determining CEO Compensation in businesses across organizations in Canada. The overall compensation elements for Interior Savings and the alignment of CEO compensation of those elements are described below:

Base Salary

Base salary means the base rate of pay, the minimum amount of earnings that an employee can receive. All employees receive a base salary. We do have a small number of employees that receive commission that is market related and only paid out if revenue is recognized.

Short Term Incentive

All employees within the organization receive variable pay in the form of Short Term Incentive. The Short Term Incentive plan is based on how well an employee performs and how well the Credit Union performs.

The Short term incentive plan is also referred to as Short Term Variable Pay Plan or STVPP for short. This is an annual cash based plan that is paid out based on achievement of both organizational and individual objectives. The CEO target for STVPP for the fiscal year 2015 was established at 13.76% of base salary and payout was received at 11.71%.

In 2015 the following measures were in place, please note the bolded numbers are the compensable percentages:

<b>Performance Measure</b>	<b>Weighting</b>
<b>Financial Performance</b>	<b>45%</b>
<b>Member Loyalty</b>	<b>10%</b>
<b>Business Operations</b>	<b>10%</b>
<b>Employee Learning &amp; Growth</b>	<b>10%</b>
<b>Individual Component</b>	<b>25%</b>

This incentive is based on performance in 2015 and the actual payment was in 2016. It is key to note all payouts within the plan are contingent on performance and requires Board oversight and approval.

Long Term Incentive

This Long Term Incentive Plan is in place for senior level positions only. This type of plan places a portion of the total compensation for senior level positions at risk over a period of time. Senior level positions have greater influence over the direction and success of the organization and the intent is to ensure there is a long term strategy in place as well as a short term strategy for the organization.

A long term incentive is a pay plan that is referred to as a Long Term Variable Pay Plan or LTVPP for short. The plan only pays out if specific targets are met for the following key areas:

<b>Performance Measure</b>	<b>Weightings</b>
Operating Results – Return on Assets	80%
Growth – Funds Under Administration	20%

Interior Savings LTVPP is for a three year period and has specific measurements and targets established and approved by the Board. The targeted pay-out for the LTVPP is 30% of base salary with a maximum of 45% of base salary. These measures are tracked over the three year term, with any payments under the plan contingent on achieving the three year measurements. The LTVPP requires Board oversight and approval.

Benefit Plan

Interior Savings Credit Union believes in the Health and Wellness of its' employees. In support of this belief the Credit Union provides a comprehensive benefit plan. All part time and full time employees are part of the benefit plan. The plan consists of:

- Group Life Insurance
- Accidental Death and Dismemberment (AD & D)
- Short Term and Long Term Disability Insurance
- Extended Health and Dental Insurance
- Employee and Family Assistance Plan

Pension Plan

Interior Savings' Credit Union supports their employees in achieving their retirement goals. \*Part time and full time employees' annual salaries are fully pensionable through our defined benefit pension plan. The defined benefit plan is administered and governed by a Board of Trustees. The Trustees are representative Credit Union members that are part of the defined benefit plan and the Board receives administrative support under contract from Central 1 Credit Union. The plan is contributory. Employees pay a percentage of earnings based on their age and ranges from 2.5% to 9%, while the employer contributes a flat percentage of salary for all employees. The current rate of employer contribution is approximately 14.8%.

A Supplemental Executive Retirement Plan (SERP) is in place to provide pension benefits for the CEO equal to the same percentage of earnings as that of other employees. The employers' contribution for all employees is 14.8%, however, due to the cap on the plan the CEO under the defined plan would receive only 10.8%. The SERP is in place to ensure that the percentage of contribution for the CEO and other senior executives is equal to that of the other employees.

\*Currently there are 17 credit union employees grandfathered under a group RRSP Plan as a result of prior mergers. The current rate of the employer contribution is approximately 8%.

Car Allowance

Positions including the CEO that are required to travel frequently in order to carry out the business of the Credit Union receive a car allowance. The car allowance amount does not include mileage. The mileage allowance amounts are set out in the Credit Union Policy and are linked to the rates set by Canada Revenue Agency. Senior level positions receive 50% of the employee mileage rate for travel outside of their base location.

Other Perquisites

The Credit Union believes in developing our people and supports all our employees including our CEO in participating on other organizational boards and partnering with other Community Leaders. Our CEO as well as others may be required to travel for business. Out of pocket expenses associated with such business is reimbursed according to the Credit Union policy and approved by the Chair of the Board. For business building purposes up to a \$1,000 can be claimed for association fees.