



Governance Accountability Report

2015

Introduction

The members of Northern Savings Credit Union (Northern Savings or the Credit Union) elect the ten individual members to the Board of Directors (the Board).

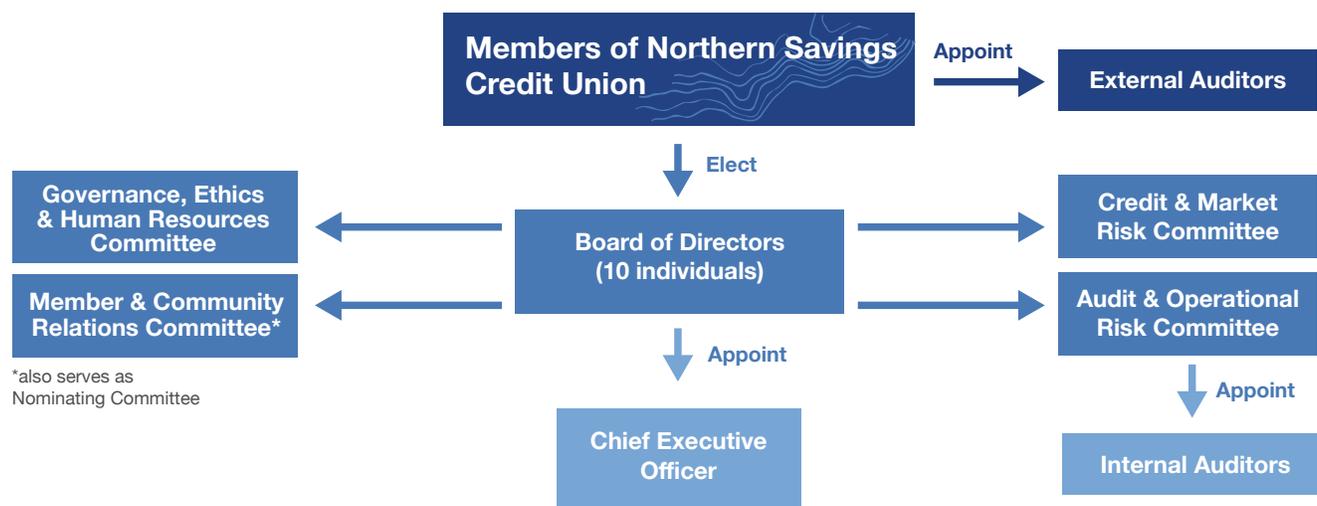
Rules

Northern Savings and its Board must follow the guidelines stated within the Credit Union’s rules which were approved by the members on April 9, 2014. The rules provide guidelines on the following:

- 1. **Membership**
- 2. **Deposits and shares**
- 3. **Borrowing and lending**
- 4. **Qualifications and election of Directors**
- 5. **Duties, powers and proceedings of the Directors**
- 6. **Removal of Directors**
- 7. **Indemnification of Directors and Officers**
- 8. **General meetings, resolutions and general provisions**

Members can find the full rules at www.northsave.com/AboutUs/WhoWeAre/.

The Governance Framework



*also serves as Nominating Committee

Board of Directors

The Credit Union rules provide for there to be ten Directors on the Board with one (1) each from the two Haida Gwaii Districts, three (3) from the Terrace District and five (5) from the Prince Rupert and area District. Directors are generally elected for a three-year (3) term of office, unless they have been appointed or elected to complete the unserved portion of a term of office of a former Director.

Northern Savings seeks Directors who have the appropriate combination of talents to provide for sound governance over the Credit Union.

The Nominations Committee is responsible for overseeing the nomination process and election of Directors to the Board in accordance with the Credit Union's rules.

The authority of the Board is granted pursuant to certain legislation (Business Corporations Act, The Credit Union Act, the Financial Institutions Act) and the rules of the Credit Union.

The Board has the authority and obligation to protect and enhance the tangible and intangible assets of Northern Savings. The Board is accountable to the Credit Union and must conduct its duties in the best interest of Northern Savings as a whole. In order for Northern Savings to be successful, the Board recognizes that the Credit Union needs to be accountable to and strive to meet the needs of its stakeholders which includes: members, employees, the provincial regulator, and the credit union system.

The Board fulfills its role through decision making and oversight. The decision making function involves the formulation of strategic goals, establishing governing policies and approving certain significant actions and items. The oversight function includes the duty to supervise management's decisions, to gain assurance of the adequacy of controls and information, and to ensure adherence of governing policies.

The Board operates by delegating its responsibilities to management and reserving certain powers to itself. The Board's principal duties fall into seven main categories as follows:

1. Adoption and monitoring of strategic and business planning processes and plans;
2. Appointing, monitoring and compensating executive management;
3. Overseeing management of enterprise risk;

4. Establishing and upholding the Credit Union's integrity, ethics and social responsibility;
5. Overseeing integrity of system of internal control and management information;
6. Providing for effective communication with members;
7. Establishing and maintaining effective governance practices.

Director Responsibilities

Directors act as part of a Board and rarely have power to act individually. Thus, a Director is part of a team and must be prepared to cooperate with other Directors to ensure the Board's work is carried out successfully and in a timely manner. Each Director is required to serve on at least one Board committee, to attend all Board meetings, to attend various meetings at the regional and provincial levels and membership meetings, and to fulfill requirements for ongoing education.

Given the complex nature of the financial services business, each Director is provided with a considerable amount of material related to the industry and directly to the affairs of the Credit Union. Directors must understand the industry and keep up to date on the Credit Union's business. Being informed and staying apprised is necessary to ensure Board discussions can proceed at a high level and that sound and prudent decisions can be reached. Given the demanding responsibilities, there are education requirements established for all Directors which are outlined below.

A Board approved terms of reference sets out the responsibilities of each Director. Each Director signs the document to indicate their commitment to perform the responsibilities. Further, each Director must review and sign their commitment to honour the Code of Conduct set for Directors.

Annually the Board Chair meets individually with each Director to discuss their contribution to the governance of the Credit Union.

Director development is an important component of providing for continually effective governance of Northern Savings. As such, the Board is committed to providing all Directors with access to education specific to understanding the concept of governance and the technical aspects of governing a financial institution.

The Board expects all Directors to utilize informal and formal mechanisms to acquire the necessary knowledge and to enhance their ability to be an effective Director. Directors are to invest at least 35 hours in professional development on an annual basis.

Ongoing development/learnings for Directors can be achieved through attendance at various forums including formal courses, conferences, credit union system related meetings, and informal means (such as reading a national or international financial press).

Credit Union Director Achievement (CUDA) is a nationally recognized program that Directors are to complete within three (3) years of joining the Board. Northern Savings requires its Directors to attend the mandatory courses to achieve their CUDA certificate while optional courses are the choice of the Director.

Board Committees

The Board works diligently throughout the year to oversee the operations of the Credit Union with a view to the long term sustainability of the Credit Union. Directors are required to attend the regularly scheduled Board meetings (generally there are ten a year), strategic planning and special meetings to deal with specific issues, as well as generally four committee meetings each year. There are four standing committees established by the Board:

1. Audit and Operational Risk Committee

The Audit and Operational Risk Committee's primary role is to set the context for an effective enterprise risk management (ERM) framework and gain assurance that management has implemented appropriate systems and practices aligned with an ERM framework. This Committee oversees the design and implementation of internal controls to support the risk management framework.

Within the ERM and control frameworks, the Committee assists the Board in fulfilling its oversight responsibilities regarding safeguarding of assets and members deposits, compliance with laws, regulations and governing policies, integrity of management and financial information, and efficiency and effectiveness of operations. Further, the Committee oversees the work of the external and internal audit functions. This Committee serves the requirements of the Audit Committee as outlined in the Credit Union Act.

2. Credit and Market Risk Committee

The Credit and Market Risk Committee's role is to provide effective oversight of Northern Savings'

risk management activities related to investment risk, credit risk, liquidity risk, interest rate risk, foreign exchange risk, and capital management. This includes providing for the appropriate governing policies to be developed to provide the context for risks to be taken, the level of risks, and the monitoring of adherence to those policies. This Committee serves the requirement of the Investment and Loan Committee under the Financial Institutions Act.

3. Governance, Ethics and Human Resources Policy Committee

The Governance, Ethics and Human Resources Policy Committee assists the Board of Directors in providing for effective governance and ensuring that governance practices evolve with the needs of the Credit Union.

This Committee also assists in protecting the reputation of Northern Savings by developing and monitoring policies which provide for the desired ethical conduct by Directors and employees and to prevent the exercise of undue influence by related parties.

This Committee also serves as the Conduct Review Committee specified by the Financial Institutions Act. The Committee is responsible for having governing policies in place and implemented by management to provide employees at Northern Savings with fair and meaningful employment in a safe and respectful workplace. The Committee has specific responsibilities with respect to the appointment, monitoring and compensation for the CEO and the positions which report directly to the CEO.

4. Member and Community Relations Committee

The Member and Community Relations Committee has two primary roles. One of the roles is to gain assurance that Northern Savings develops and pursues objectives to maximize member engagement in the Credit Union, and to fulfill its social responsibility within the communities where Northern Savings operates. Additionally, the Committee determines that appropriate processes are in place to communicate effectively with members and other stakeholders.

This Committee also serves as the Nominating Committee required by Northern Savings' rules. These responsibilities include facilitating the identification of qualified candidates for election to the Board of Directors. The Committee is to provide for the proper conduct of the Director elections including overseeing an orderly, open and transparent Board election process. The intent

of the election process is to encourage broad-based, informed, active and effective member engagement and participation in the election process.

In addition to the above committees, the Board establishes adhoc committees as needed. In 2015, Northern Savings entered into a process for the hiring of a new CEO; accordingly, the Board established a CEO Selection Committee. The objective of the Selection Committee is to conduct a recruiting process, for the identification and recommendation to the Board, of a person to be appointed into the CEO position.

The Current Directors

The following are the Directors (in alphabetical order) who were in office following the adjournment of the annual general meeting held in April 2015. The information provided for each Director includes a very brief outline of their background and experience, the Board Committees to which they were appointed following the annual general meeting, and the tenure of their directorship. There are no interlocking directorships with other Directors and no Director serves on any other Boards by virtue of their directorship on the Board of Northern Savings.



Sean Carlson

Board Positions as of December 2015: Chair, Credit & Market Risk Committee
Member, Governance, Ethics & Human Resources Committee
Member, CEO Selection Committee

Director Since: 2014 (completed the one year remainder of a former Director's term)

Current Term Expires: 2018

Sean is an engineer-in-training with McElhanney Consulting Services Ltd. in Prince Rupert. He brings an innovative perspective to the boardroom, representing a new generation of young professionals returning to live and work as proposed industrial and commercial projects become operational in the region. Sean's past and present community involvement includes participating on the Pacific Northwest Music Festival committee in Terrace, and the Mt. Hays Quickclimb organizing committee in Prince Rupert.



Rodney Cox

Board Positions as of December 2015: Member, Governance, Ethics & Human Resources Committee
Member, CEO Selection Committee

Director Since: 2015

Current Term Expires: 2017 (completing two years remaining of a former Director's term)

Rodney has over 30 years of accounting and financial management experience and has worked in a wide range of industries in the Northwest including: construction, forestry and logging, retail/wholesale, and media. Rodney's board experience includes: the BC Chamber of Commerce, United Way Northern, BC, and the Institute of Professional Bookkeepers of Canada. Rodney currently operates CFR Management Inc.



Susan Crowley

Board Positions as of December 2015:	Vice Chair, Board of Directors Chair, Governance, Ethics & Human Resources Committee Member, Credit & Market Risk Committee Member, Member & Community Relations Committee*
	Member, CEO Selection Committee

Director Since: 2013

Current Term Expires: 2016

*Not a member of the Nominations Committee

Susan is a teacher who works in a casual capacity in Prince Rupert. She has also worked in positions for Elections Canada and Elections BC. Susan has recently taught Early Childhood Education courses for the First Nations Training and Education Centre in Prince Rupert. Internationally, she has worked in teacher training teams in Namibia and Central America. Susan has completed the Credit Union Director Achievement Program.



Flora D'Angelo

Board Positions as of December 2015:	Chair, Board of Directors Member, Governance, Ethics & Human Resources Committee Chair, CEO Selection Committee
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Director Since: 2007

Current Term Expires: 2016

Flora has been a principal, literacy support teacher and classroom teacher in the Northwest for 30 years. She has been an educator at the elementary, secondary and adult levels. Flora has been a member of the Credit Union since coming to Prince Rupert. Flora completed all Credit Union accredited courses in order to better serve the members of the Credit Union.



Larry Hope

Board Positions as of December 2015:	Member, Member & Community Relations Committee and Chair for period from May to end of October
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Director Since: 2005

Current Term Expires: 2017 (Mr. Hope will be retiring from the Board in 2016)

Larry is retired after having spent his career in the teaching profession as a business teacher. In his career, he co-created a course combining Arts and Marketing which ran for a number of years and piloted an Aboriginal entrepreneurship course for the School District. Larry has been actively involved in the High-School Student Exchange program for a number of years. Larry has served on various community boards and committees. Larry has completed the Credit Union Director Achievement Program.



Trent Moraes

Board Positions as of December 2015:	Member, Audit & Operational Risk Committee
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Director Since:	2013
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Current Term Expires:	2016
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Trent is the administrator for Housing, Lands & Energy for the Skidegate Band Council. Trent is Chair of the Housing Committee for the Skidegate Band and a member of the Labour Management Committee. Trent has had extensive training in housing, financial and human resource management.



Kim Mushynsky

Board Positions as of December 2015:	Member, Audit & Operational Risk Committee Member, Member & Community Relations Committee
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Director Since:	2015
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Current Term Expires:	2018
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Kim is the Chief Administrator for the Village of Port Clements. Kim has over 30 years of experience as an Administrator, specifically in the area of accounting. Kim worked in the retail cooperative sector for over 15 years. Kim has served terms on three other boards. Kim has a Bachelor of Business Administration degree and is currently working on a second degree in Municipal Government Management.



Erin Newton

Board Positions as of December 2015:	Member, Member & Community Relations Committee and Chair of Committee as of October 29, 2015 Member, Credit & Market Risk Committee
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Director Since:	2015
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Current Term Expires:	2018
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Erin currently operates Northern Laboratories (2010) Ltd. Erin has a Bachelor of Business Administration degree and has previous experience in the accounting profession.



Nirmal Parmar

Board Positions as of December 2015:	Member, Audit & Operational Risk Committee Member, Credit & Market Risk Committee
Director Since:	2003
Current Term Expires:	2016

Nirmal is a retired College Professor. He has been actively involved and sat on a number of community boards and not-for-profit organizations and councils. Nirmal served on the Board of Terrace & District Credit Union prior to its merger with Northern Savings Credit Union. Nirmal is a graduate of the Credit Union Directors Achievement Program.



Anne Peltier

Board Positions as of December 2015:	Chair, Audit & Operational Risk Committee Member, Member & Community Relations Committee
Director Since:	2012
Current Term Expires:	2018

Anne has over 40 years of experience working in both the not-for-profit social service sector as well as working in the business sector. She has sat on the Provincial Early Childhood Educators Board as Treasurer and Director of Conference and the Provincial Family Resource Programs Board. Anne is presently the Administrator for two Terrace based companies. Anne holds a diploma in Early Childhood Education with a specialty in Infant Toddler Care and Special Needs, and holds a diploma in Events and Convention Management.

Director Attendance at Board and Board Committee Meetings

The following chart presents the attendance record for each Director at Board meetings, meetings of the standing committees and the adhoc committee. Due to the extraordinary issues which the Board had to deal with in 2015, there were considerably more meetings than the standard ten per year. The Board meeting numbers also include the Director’s attendance at the strategic planning session which took place over two days in May 2015.

The chart shows the number of applicable meetings attended by each Director during the period January 1 to December 31, 2015 and his/her attendance percentage. Three of the Directors joined the Board following the annual general meeting in the spring of 2015 and two Directors stepped down; therefore, the number of applicable meetings will be less than the individuals who were Directors throughout the full year of 2015. Also during the 2015 year, Directors were moved between committees; accordingly, the number of applicable meetings will not be the same for all Directors.

Director	Board Meetings	Board Committees				
		Audit & Operational Risk	Credit & Market Risk	Governance, Ethics & Human Resources	Member & Community Relations	CEO Selection
S. Carlson	21 of 21 100%	1 of 1 100%	8 of 8 100%	9 of 9 100%	n/a	5 of 5 100%
R. Cox	14 of 15 93%	n/a	n/a	9 of 9 100%	n/a	2 of 2 100%
S. Crowley	18 of 21 86%	n/a	7 of 7 100%	11 of 12 92%	5 of 6 83%	5 of 5 100%
F. D'Angelo	21 of 21 100%	1 of 1 100%	n/a	11 of 12 92%	n/a	5 of 5 100%
L. Hope	21 of 21 100%	n/a	1 of 1 100%	n/a	8 of 9 89%	n/a
T. Moraes	16 of 21 76%	2 of 3 67%	n/a	n/a	2 of 5 40%	n/a
K. Mushynsky	14 of 15 93%	3 of 3 100%	n/a	n/a	4 of 4 100%	n/a
E. Newton	14 of 15 93%	n/a	7 of 7 100%	n/a	4 of 4 100%	n/a
N. Parmar	20 of 21 95%	3 of 3 100%	6 of 8 75%	3 of 3 100%	5 of 5 100%	n/a
A. Peltier	20 of 21 95%	4 of 4 100%	n/a	n/a	4 of 4 100%	5 of 5 100%
Retired Directors						
C. Lorette	4 of 6 67%	n/a	n/a	3 of 3 100%	n/a	n/a
K. Rea	5 of 6 83%	1 of 1 100%	0 of 1 0%	n/a	n/a	n/a

Director Education

The Board has established a clear expectation that Directors will invest time in formal education to continue to update and expand their knowledge with the goal of providing continuation of good governance for the Credit Union. In 2015, there were a number of formal training sessions which the Directors attended either on-site in Prince Rupert, or in other locations in order to access the courses, which comprise the curriculum of the Credit Union Director Achievement program. The Credit Union supports the Director's education by paying for the course registration fees and reimbursing Directors for travel, accommodation, and meal costs associated with attending the courses (the amount of the reimbursements is included in the section titled Director Compensation, Benefits, and Reimbursement of Expenses Incurred).

During 2015, some or all Directors attended courses held on site in Prince Rupert or as part of educational conferences held by the credit union system in various locations in British Columbia and other provinces. In total, the Directors invested approximately 40 days in 2015 in formal education sessions to continue to enhance their ability to govern Northern Savings. Following is a list of courses attended by some or all of the Directors in 2015:

- Foundations of Governance in Theory & Action
- Strategy: Planning & Oversight
- Role of Audit Committee
- Governing Market Risk
- Internal Capital Assessment Adequacy Program
- Courageous Governance
- Risk Oversight
- Management Recruitment, Performance & Evaluation
- Board Development and Performance Evaluation
- Ethics in Business and Leadership
- Changing Environment, Changing Governance; Action and Next Steps

- Webinars including: Flag the Money for Directors; Anti-Money Laundering and Counter-Terrorist; Misery Loves Company: Surviving the Avalanche of Governance Expectations; Show Me the Money: Understanding Cash Flow Statements; The Strategy Focused Board; Privacy Matters for Boards; The Role of Transparency in Building Member Engagement; Low Rates, High Impact, Bold Thinking

The Credit Union Director Achievement (CUDA) program comprises three levels of courses:

- Level A - Foundations of Governance,
- Level B - Governance In Action, and
- Level C - Governance Applications.

Directors are required to invest nine days to complete the full suite of courses included in the program. Even though a Director may have completed all three levels of the CUDA program, they are still required to invest 35 hours in professional development on an annual basis.

The following chart outlines the status of each Director in their completion of the CUDA program.

Director	Status in CUDA Program
S. Carlson	Has completed all three levels
R. Cox	Level A complete, Level B in progress, Level C in progress
S. Crowley	Has completed all three levels
F. D'Angelo	Has completed all three levels
L. Hope	Has completed all three levels
T. Moraes	Level A complete, Level B in progress, Level C in progress
K. Mushynsky	Level A complete, Level B to be initiated, Level C in progress
E. Newton	Level A complete, Level B in progress, Level C complete
N. Parmar	Has completed all three levels
A. Peltier	Has completed all three levels

Director Compensation, Benefits and Reimbursement of Expenses Incurred

Northern Savings’ Directors receive compensation for the fulfillment of their duties as a Board member and they receive reimbursement of expenses incurred. The following principles are used to determine compensation for Northern Savings’ Directors:

- Compensation will reflect demands placed on the Directors in their accountability to an organization with the operations, complexity, and size of Northern Savings
- The amount of compensation will be set in relation to the credit union sector
- The compensation will be affordable for Northern Savings
- The compensation will be determined using an objective process
- The administrative process for compensation will not be unduly burdensome on staff to maintain

Directors are paid an annual honorarium with no additional amounts for attendance at meetings. The following amounts are paid as compensation to the people fulfilling the positions listed:

Director	\$6,000 annually
Board Chair	Additional \$4,000 annually
Vice Chair	Additional \$1,500 annually
Committee Chair	Additional \$1,500 annually

Northern Savings also provides life insurance, accidental death and dismemberment coverage, as well as Director and officer liability coverage for each Board Member. In 2015, the premium cost for the life insurance and accidental death and dismemberment coverage was \$3,398. The Credit Union is also required to contribute towards the Canada Pension Plan given the honourarium paid to the Directors. In 2015, this amounted to \$1,533.

It is recognized that Directors will incur expenses in the conduct of their duties and Directors are reimbursed for reasonable expenses incurred. Directors are expected to exercise discretion and good judgement in determining what is a reasonable

and proper expense to be incurred on behalf of Northern Savings. Directors are expected to demonstrate a good example for use of corporate resources. It is recognized that Directors may be employed in situations where they are compensated by an hourly or daily rate only if they are present at their employer’s site and therefore lose income when attending required events such as: Board meetings, Committee meetings, strategic planning sessions, and training sessions. In these situations, the Director facing wage loss may submit a claim; the amount is actual lost income with pro-rated amounts applied for portions of a day, to a maximum of \$2,000 annually. The purpose of this provision is to not disadvantage a Northern Savings member in taking on the role of a Director.

Generally, Northern Savings covers expenses incurred by Directors for:

- Registration fees for education sessions.
- Costs when travelling at the request of Northern Savings, when attending community events at Northern Savings’ request as well as attending meetings with business partners, within the credit union system, Board meetings, and training sessions. Out-of-pocket costs include transportation (airfare, ferries, mileage), as well as meals and accommodation if the meeting is out of town and extends for a day or if travel to home is not practical on same day.
- Reasonable costs for entertaining when attendance at the event/meeting is at the request of Northern Savings.
- Technology expenses given the requirement for Directors to receive large amounts of information in electronic format.

The following chart details the compensation earned by the Directors in 2015 for the fulfillment of their assigned responsibilities and items reimbursed to each Director for expenses incurred and lost wage claims. The Directors did not spend the full budget for expenses incurred for meetings and education. The actual amount spent was \$62,225 out of the budget of \$68,400.

Director Compensation and Description of 2015 Expenses	Compensation Earned	Total Expenses Reimbursed
<p>S. Carlson</p> <p>Chair of a Board Committee from April - December</p> <p>Expenses include registration fees for education sessions, transportation costs and accommodations for attending out of town education sessions</p>	\$7,000	\$5,485
<p>R.Cox</p> <p>Expenses include registration fees for education session, transportation costs and accommodations for attending out of town education sessions, regional credit union sector meetings, and Board meetings</p>	\$4,250	\$5,340
<p>S. Crowley</p> <p>Vice Chair of Board and Chair of a Board Committee from April - December</p> <p>Expenses include registration fees for education session, transportation costs and accommodations for attending out of town education sessions, regional credit union sector meetings</p>	\$8,500	\$7,335
<p>F. D'Angelo</p> <p>Chair of Board from April to December and Chair of a Board Committee from January to March</p> <p>Expenses include registration fees for education session, transportation costs and accommodations for attending out of town education sessions, regional credit union sector meetings, and meeting with the regulator</p>	\$9,708	\$7,075
<p>L. Hope</p> <p>Chair of a Board Committee for part of year</p> <p>Expenses include registration fees for education session, transportation costs and accommodations for attending out of town education sessions</p>	\$7,188	\$1,837
<p>T. Moraes</p> <p>Expenses include transportation costs and accommodations for attending out of town education sessions and attending Board meetings as Trent is required to commute from his home in Queen Charlotte to Board meetings located in Prince Rupert</p>	\$6,000	\$4,259
<p>K. Mushynsky</p> <p>Expenses include transportation costs and accommodations for attending out of town education sessions and for attending Board meetings as Kim is required to commute from her home in Masset to Board meetings located in Prince Rupert</p>	\$4,181	\$4,116

Director Compensation and Description of 2015 Expenses	Compensation Earned	Total Expenses Reimbursed
E. Newton Chair of a Board Committee from November to December Expenses include registration fees for education sessions, transportation costs and accommodations for attending out of town education sessions	\$4,250	\$4,744
N. Parmar Chair of Board from January to March Expenses include registration fees for education session, transportation costs and accommodations for attending out of town education sessions, regional credit union sector meetings, travel costs to Board meetings	\$7,167	\$4,221
A. Peltier Chair of a Board Committee from April to December Expenses include registration fees for education session, transportation costs and accommodations for attending out of town education sessions, travel costs to Board meetings	\$7,000	\$6,219
C. Lorette Expenses include registration fees for education session	\$1,750	\$610
K. Rea Chair of a Board Committee from January to March Expenses include registration fees for education sessions, travel costs to Board meetings and education session	\$2,188	\$2,345
Expenses for Board meetings and Board education sessions covering room charges, projector rental, and meals		\$8,680

Independent Oversight Functions

The Board receives information from two independent oversight functions – internal audit and external audit. The external auditors are appointed by the members of the Credit Union and the internal auditors are appointed by the Audit & Operational Risk Committee. The Audit & Operational Risk Committee oversees the work performed by both sets of auditors.

The internal auditors report directly to the Committee and have a working relationship with management. The mandate of the internal audit function is to evaluate adequacy of the system of internal control to achieve control objectives encompassing: safeguarding of assets and member's deposits; reliability of financial and management information and reporting; compliance with laws, regulations, policies, and contracts; and, effectiveness and efficiency of operations. The evaluation of the adequacy of the internal controls is conducted in relation to the inherent risk of the business and processes to the overall risk profile of the Credit Union.

The mandate of the external auditors is to audit the financial statements as prepared by management to determine if the information fairly presents the financial position of the Credit Union at December 31, 2015 and the financial results for the year. The responsibility of the external auditors is to express an opinion on the financial statements based on the results of the audit. An audit involves performing procedures to obtain audit

evidence about the amounts and disclosures in the financial statements. The report from the external auditors can be found in the financial statement section of the annual report.

Compensation for Chief Executive Officer (CEO)

The Board has set a general philosophy regarding compensation for staff. The Board directs that compensation for staff be set to allow Northern Savings to attract, motivate, and retain personnel with the competencies and attributes required to meet the Credit Union’s strategies and business objectives. In so doing, salary ranges and benefits will strive to ensure internal equity and be externally competitive with the local community and other financial services providers of like size and complexity to Northern Savings. The compensation plans must be financially affordable for Northern Savings in the short and long term.

The Board has set further policy guidelines with respect to the compensation of the CEO. The Board has directed that the CEO’s compensation be established in light of the position responsibilities, the size and complexity of the Credit Union, the performance and experience level of the person in the position, the financial resources of the Credit Union, and the analysis of information gathered including a review of data on full compensation packages of CEOs at comparable organizations. In 2015, the CEO’s base salary was set at \$227,718.

In 2015, the compensation package for the CEO included the provision for an annual bonus (or short term incentive) to a maximum of 20% of the base salary of the position. The basis for the bonus is determined by the Board and is related to the CEO’s performance on objectives and the Credit Union’s performance. A bonus is only to be paid to the CEO when performance by Northern Savings is satisfactory and the CEO’s performance is satisfactory or exceeds expectations on the objectives set by the Board. The performance objectives set for the CEO in 2015 included delivery on the approved business plan and financial plan, improving the Credit Union’s capital position, de-risking of the Credit Union particularly with regards to the information technology company, growing the sustainable core business, developing the senior management team, creating presence with employees, and improving the efficiency of the corporate office.

The CEO participates in the same benefit plan as all employees including medical, extended health, dental care, life insurance, accidental death and dismemberment, short-term disability, long-term disability, and free or modified interest rate program for loans and deposits. The CEO was provided with a vehicle allowance of \$7,000 annually. The CEO is also provided with a benefit of 14% of the base salary for contributions to post retirement plans. The employment agreement with the CEO provided for a payment on departure from the Credit Union.

During 2015, the CEO position was filled by three people: CEO, Ken Doleman for the period January 1 to March 8, Interim CEO, Sharon Stromdahl for the period March 9 to August 25, Interim CEO, Barry Delaney for the period August 26 to December 31, 2015. Mr. Delaney was engaged as an Interim CEO, under a contract for a four month period. In December, Mr. Delaney’s contract was extended for a further two months to February 28, 2016. The compensation arrangement for Mr. Delaney consisted of a monthly amount of \$10,000 plus a bonus of up to 25% of the base amount, an allowance for housing and reimbursement for air travel from his home in the lower mainland. There was no bonus earned by Mr. Doleman or Ms. Stromdahl for their time in the CEO position in 2015. A bonus was earned by Mr. Delaney.

The base compensation and bonus amounts earned by the individuals who served in the CEO position in 2015 were as follows:

Person in CEO Role	Base Compensation	Bonus	Other Payments
Ken Doleman, January 1 to March 8	\$38,732	\$0	\$278,400
Sharon Stromdahl, March 9 to August 25	\$94,250	\$0	None
Barry Delaney, August 26 to December 31	\$40,000	\$6,000	None

Senior Management

The senior management team works as a team in providing service to members, providing a positive work environment for our staff, and for overseeing the performance of the Credit Union. The senior management team works with the Board of Directors to develop the Credit Union's strategic direction and then develops plans to implement that direction. Senior management is responsible for coaching and monitoring the activities of staff to deliver products and services to members.

The following pictorial shows the senior management positions at the Credit Union.

