Board Governance Policy #1

Corporate Governance Framework

Owner	Chief Legal and Corporate Affairs Officer	
Reviewing Body & Date of Review	Governance and Nominating Committee	September 24, 2026
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1.0 Introduction

This framework provides an overview of the corporate governance structures, principles, policies and practices of the Board of Directors (the "**Board**") of Meridian Credit Union ("**MCU**"). The Board proactively adopts governance policies and practices designed to align the interests of the Board and management of MCU ("**Management**") with those of members of MCU ("**Members**") and other stakeholders and to promote the highest standards of ethical behaviour and risk management throughout the organization.

The Board exercises its authority in accordance with its Mandate & Terms of Reference, its Duties of Directors Policy, its Director Code of Ethics & Conflicts of Interest Policy, its By-Law No. 1 (the "**By-laws**"), and the *Credit Unions and Caisses Populaires Act, 2020,* as amended from time to time (the "**Act**"), as well as associated or other applicable laws and regulations, including guidelines imposed by the Financial Services Regulatory Authority of Ontario ("**FSRA**"). MCU's practices are consistent with Act requirements and FSRA's *Standards of Sound Business and Financial Practices* Rule (the "**Rule**").

2.0 Corporate Governance Philosophy and Principles

MCU recognizes the important role that effective governance plays in protecting Member interests, maximizing Member value over time, and creating a highly successful credit union for its Members. MCU acknowledges that good governance begins with having the right governance structure, policy and practices in place. It is also about continually seeking to improve by keeping pace with the increasing complexity of the industry, changing Member needs, and evolving governance best practices appropriate to MCU's industry and specific organizational risk profile. MCU is committed to governing in a manner that provides a basis for confidence among Members, employees, depositors, creditors and regulatory agencies.

MCU's approach to corporate governance is guided by the following core principles:

Compliance Culture	The Board reflects MCU's commitment to compliance through integrity, its stewardship and oversight, accountability and continuous improvement. The Board must fulfill its legal and fiduciary obligations to MCU and to its Members according to the governance principles established by corporate law. Specifically, the Board must ensure that MCU adheres fully and at all times to the statutory and regulatory requirements in all aspects of its operations, and conducts itself in full accordance with the Rule.
Stewardship	The members of the Board are the stewards of MCU, exercising independent judgment in overseeing Management and safeguarding the interests of Members. In fulfilling its stewardship role, the Board seeks to instill and foster a corporate environment founded on integrity and to provide Management with sound guidance. The Board ensures that MCU has the means, capability and willingness to put into practice effective measures to direct itself prudently.
Strategic Approval and Oversight	The members of the Board serve as key resources for Management, approving and overseeing the strategy, which is developed and executed upon by Management, while taking into account both opportunities and MCU's risk appetite.
Risk Oversight	The Board ensures effective stewardship of business operations and management of risk - in particular, it clearly understands the potential risks associated with the operation of MCU and ensures that an effective enterprise-wide risk management framework is in place, including the Board's ability to monitor and manage risk.
Accountability	The Board has a clear understanding of the role, responsibilities and accountabilities of the Board and its directors and the fiduciary duty of directors to MCU – an understanding that is shared and respected by Members, directors and Management.
Continuous Improvement	The Board is committed to continually improving governance practices and the Board's governing capabilities through the recruitment, evaluation and selection of directors and their orientation, assessment, training and development.
MCU Culture	The Board and Management are responsible for ensuring that MCU is operated, managed and governed in a manner consistent with co-operative principles as more fully described in Appendix A hereto. The Board embraces the MCU culture which is highly Member focused, innovative, collaborative, relationship based, and results-oriented.

3.0 Role of Board and Directors

The Board is responsible for the overall strategic stewardship of MCU. The Board provides oversight of Management to ensure that MCU's operating performance is aligned with the approved strategic plan. The Act specifies certain matters that must be dealt with by the Board. By formal resolution, the Board reserves for itself the authority to make certain decisions and delegates other decisions to either Committees or Management, as applicable.

In performing its role, the Board participates in strategic planning with Management, delegates to Management authority and responsibility for operations and reviews Management's performance and effectiveness. The Board's role and responsibilities are fully described in its Mandate & Terms of Reference. The role of directors is described in the Duties of Directors Policy.

The Board may engage external advisors at the expense of MCU. The Board has sole authority to retain, and approve the fees of, any external consultants or other external advisors that it determines to be necessary to carry out its duties.

4.0 Role of Board Committees

A formal committee structure exists to support and expedite the work of the Board. Committees of the Board ("**Committees**") are empowered to review matters requiring specialized expertise, to issue formal recommendations and, in some cases, to make decisions on behalf of the Board. This allows the Board to optimize its time, and achieve greater depth in its deliberations than would otherwise be possible. The Board identifies those responsibilities and authorities that may be delegated to Committees in order to foster a more strategic approach of foresight at the Board-level and to empower the Committees to execute their duties and responsibilities.

The Board has established by resolution, four standing committees: an Audit & Finance Committee; a Governance & Nominating Committee; a Risk Committee; and a Human Resources Committee. Other standing or *ad hoc* committees may be formed as appropriate. Each Committee's role and responsibilities are fully described in its Mandate & Terms of Reference.

4.1 Audit & Finance Committee

The Audit & Finance Committee of the Board is responsible for ensuring the integrity and quality of financial reporting processes and practices of MCU and for fulfilling such other duties as directed by the Board. More specifically, the Committee is accountable for the oversight of MCU's financial framework (including controls, policies and procedures) consistent with best practices appropriate to MCU's industry and specific organizational risk profile, in accordance with financial standards, and in compliance with laws and regulations applicable to MCU, including the Act. The roles and responsibilities of the Audit & Finance Committee are set out in its Mandate & Terms of Reference.

4.2 Governance & Nominating Committee

The Governance & Nominating Committee of the Board is responsible for ensuring the effective governance of MCU, and for ensuring that the Board's governance processes are characterized by a spirit of trust, teamwork, transparency, and professionalism. The Committee creates, maintains and reviews MCU's governance framework (including structures, policies and procedures) consistent with best practices and corporate governance standards, with a view towards continuous improvement. It also oversees the Director nomination and election processes, ensuring integrity and quality and compliance with applicable laws (including, without limitation, privacy legislation), and recommends to the Members those candidates best qualified to serve as Directors of a high performing Board. The

Committee further oversees the annual general meeting of Members, including MCU's Annual Report. The Committee's roles and responsibilities are set out in its Mandate & Terms of Reference.

4.3 Human Resources Committee

The Human Resources Committee of the Board is responsible for overseeing the human resources policies and programs for MCU, ensuring that these policies and programs are developed, implemented and adhered to by Management in support of the vision and business strategies of MCU, ensuring that employees are provided with fair and meaningful employment in a safe and respectful workplace, while remaining consistent with MCU's values and, through Management, ensuring an on-going commitment to compliance with legislation and regulations related to employment matters. The roles and responsibilities of the Human Resources Committee are set out in its Mandate & Terms of Reference.

4.4 Risk Committee

The Risk Committee of the Board is responsible for the strategic oversight of MCU's critical risks, risk management policies, risk appetite framework and investments portfolio, with a view to ensuring adherence to the policies of the Board and MCU, ensuring compliance with legislative and regulatory requirements, including the Rule, and ensuring alignment with and support of MCU's strategic plan. The roles and responsibilities of the Risk Committee are set out in its Mandate & Terms of Reference.

5.0 Role of Board Chair

The Board Chair provides leadership to the Board in every aspect of its work, including in ensuring effective corporate governance processes and practices, as well as efficient and effective Board meetings. The Board reviews and approves any changes to Board Governance Policy #4 – Duties of Directors, Board and Committee Chairs. The Governance & Nominating Committee annually oversees the evaluation process that assesses the effectiveness of the Board Chair in fulfilling their duties.

6.0 Role of Board Committee Chairs

Each Committee Chair is responsible for the effective operation of the Committee and the fulfillment of the Committee's Mandate & Terms of Reference. The Board reviews and approves any changes to Board Governance Policy #4 – Duties of Directors, Board and Committee Chairs. . The Governance & Nominating Committee annually oversees the evaluation process that assesses the effectiveness of the Board Committee Chairs in fulfilling their duties.

7.0 Role of Management & Executive Sponsors

The President & Chief Executive Officer (the "**CEO**") is the sole employee of MCU reporting directly to the Board and, as such, serves as the sole representative of Management, maintaining a single accountability link between the Board and Management. The responsibilities of the CEO, as well as delegation of authority to the CEO, are fully described in MCU's President and Chief Executive Officer / Management Policy.

The Chief Financial Officer (the "**CFO**") has indirect accountability to the Board and is the Executive Sponsor of the Audit & Finance Committee. The Chief Risk Officer (the "**CRO**") has indirect accountability to the Board and is the Executive Sponsor of the Risk Committee. The Corporate Secretary has indirect accountability to the Board and serves as the liaison with the Board Chair and Committee Chairs. The Chief Audit Executive (the

"CAE") reports directly to the Audit & Finance Committee and indirectly for administrative purposes to the CEO and to the CRO.

The Executive Sponsors of other Committees are as follows:

- Governance & Nominating Committee – Chief Legal and Corporate Affairs Officer (the **"CLCAO"**) and Corporate Secretary
- Human Resources Committee – Chief People & Culture Officer (the **"CPCO"**)

Section 8.0 (Communications Protocol) of Board Governance **Policy 4 (Duties of Directors, Board and Committee Chairs)** addresses the process for communications between the Board and Management and between the Chairs and the Executive Sponsors.

8.0 Role of Oversight Functions

8.1 Oversight Functions

The Oversight Functions are Meridian's Finance, Risk, Compliance and Internal Audit functions. The Oversight Functions provide objective assessments to the directors to allow them to fulfill their responsibilities. There should be sufficient and reasonable coordination and co-operation between the oversight functions and Meridian's management, employees, activities, operations, business units, short-term and long-term business plans and strategies, and objectives.

8.1.1 Finance Function

The Finance Function shall,
(i) provide systematic, comprehensive and timely oversight of all of Meridian's governance and operational requirements in respect of budgeting, planning, financial reporting and analysis,
(ii) provide accurate, reasonable, independent and reliable financial services, financial reporting and financial analysis to the other oversight functions, Management and the Board, and
(iii) ensure that all financial analysis, reporting and communication on financial matters is timely, reasonable, impartial, independent and suitable, in order to assist Management, the Board and other oversight functions.

8.1.2 Risk Management Function

The Risk Management Function of the credit union shall create, develop, update and implement, and the Board shall oversee and approve:
(i) an enterprise-wide risk management program, which facilitates and protects Meridian's stability and viability, through the identification, assessment, mitigation and management of all risks and unforeseeable events which may arise from the business and operations of the credit union and its subsidiaries and have a potentially material impact on Meridian's financial performance, capital, liquidity, members, other stakeholders, reputation, operations or viability, and includes an

enterprise-wide risk appetite framework which is appropriate relative to the risk profile of the credit union on an enterprise-wide basis, its long-term strategic plan and its operating environment, and

(ii) procedures, policies and processes to understand and evaluate all such risks, and to facilitate direct reporting to the Board and Management by the head of its Risk Management Function.

8.1.3 Compliance Function

The Compliance Function of the credit union shall provide systematic, comprehensive and timely oversight of compliance risks through the identification, measurement, monitoring and reporting of compliance risks across the credit union as a whole and within its specific business lines and units.

8.1.4 Internal Audit Function

8.1.4.1 The Internal Audit Function shall provide Management, the Board and the Audit and Finance Committee with its evaluation and recommendations respecting the design, framework, implementation, and effectiveness of the credit union's activities, processes, policies and procedures in its businesses, operations and activities and in its other oversight functions.

8.1.4.2 The Internal Audit Function shall provide accurate, reliable and risk-based audits and support to those responsible for the corporate governance and other oversight functions of the credit union.

8.1.4.3 The head of the Internal Audit Function shall, on at least an annual basis, create and deliver to the Board, upon recommendation by the Audit and Finance Committee, a risk-based audit plan, which takes into account the credit union's (i) nature, size, complexity, operations and risk profile, and (ii) strategies, operations, business objectives, activities and risk management processes. The audit plan shall define the internal audit function's priorities and work.

8.1.4.4 The head of the Internal Audit Function shall,

(i) review, amend and update the audit plan in response to any material changes in the credit union's activities, risk, operations, programs, systems and controls,

(ii) on at least an annual basis or upon request, report to the Board, the Audit and Finance Committee and Management on the internal audit function's mandate, authority, roles and responsibilities, taking into account the objectives of the internal audit plan and applicable professional standards and ethics, and

(iii) create, develop, update and implement processes, policies and procedures to:

a) monitor audit reports and directly report all results and opinions in connection with an audit report to Management and the Board, and

b) oversee and monitor that reasonable actions have been implemented by Management in response to any risk identified in an audit report.

8.2 Heads of Oversight Functions

The heads of the Oversight Functions are the Chief Financial Officer (CFO), Chief Risk Officer (CRO), Chief Compliance Officer (CCO) and Chief Internal Auditor (CIA). The heads of the Oversight Functions will have sufficient stature and authority within the organization and should be independent from

operational management. The heads of the Oversight Functions should have unfettered access and a functional reporting line to the Board or the appropriate Board committee.

9.0 Board Composition

9.1 Board Size

The By-laws provide that the Board shall have not less than 7 directors or more than 17 directors, the exact number to be determined by the Board from time to time.

9.2 Board Independence

In addition to other criteria specified in the By-laws, directors must be free of any real or perceived conflict of interest that might reasonably be expected (based on a legal opinion) to prevent him/her/them from acting in the best interests of MCU as a whole, and independently of any particular interest arising as a result of any previous, existing, or future relationship with MCU, its Members, customers, competitors, or suppliers.

9.3 Board Candidates

The Board derives its strength from the background, diversity, qualities, skills and experience of its members. The Governance & Nominating Committee has oversight responsibility for Board renewal. The Governance & Nominating Committee considers all qualified candidates identified by members of the Board, Management and Members. The Governance & Nominating Committee monitors the current and future profile of the Board. The nomination and election process is fully described in the Director Nomination and Election Policy.

9.4 Board Diversity & Inclusiveness

The Board recognizes and embraces the benefits of diversity, equity, inclusivity, belonging, and reconciliation ("DEIBR") in Board members. Diversity promotes the inclusion of different perspectives and ideas, mitigates against group-think, and ensures that MCU and the Board have the opportunity to benefit from all available talent. A truly diverse Board includes and makes good use of differences in the skills, regional and industry experience, background, age, race, gender, identity, racial or ethic identity, Indigenous status, abilities, sexual orientations, cultures, and other attributes of directors. Meridian considers diversity of thought, experience, and background important. These differences are taken into account in determining the optimum composition of the Board. MCU and the Board are committed to a merit-based system for Board composition within a diverse and inclusive culture that is free of conscious or unconscious bias and discrimination. When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, MCU and the Board will consider candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board. Board members who are recommended for election are based on those best qualified while taking into account the broad diversity required to represent Ontario's population.

9.5 Director Tenure

The By-laws provide that directors are generally elected or acclaimed for terms of 3 years, or until their successor in office is elected or appointed. The Governance & Nominating Committee's Mandate

addresses the situation, and the process to be followed, in the event of a vacancy, for whatever reason, during a director's term. No director shall serve on the Board for more than 12 consecutive years.

10.0 Board Operations

10.1 Director Attendance and Commitment

Fulfilling the duties of a director generally entails preparation and attendance at meetings, as well as contributing effectively to discussions during meetings. A director's attendance and performance of duties are intertwined. Directors are expected to attend the Board meetings and meetings of Committees on which they serve, as well as each annual meeting of Members. Minimum attendance of 75% of Board and Committee meetings overall is required, except where the Governance & Nominating Committee determines that factors beyond a director's control prevented a director from achieving 75% overall attendance. Overall attendance includes both regularly scheduled and special meetings of the Board and its Committees. In addition, the regulations under the Act provide that if a director fails to attends 3 consecutive board meetings without, in the opinion of the Board reasonable cause, the board may, by resolution, declare the director's position vacant .

10.2 Director Orientation

The Board acknowledges that new directors require orientation programs that will bring them up-to-speed as quickly as possible and enable them to function effectively as directors of MCU at the earliest possible time. As such, the Board is committed to providing new directors with an orientation program. As part of their duties and obligations, new directors are expected to participate fully in orientation and development opportunities. In particular, it is expected that all new directors will attend an orientation program within two months of joining the Board. The effectiveness of director orientation is reviewed on an annual basis by the Governance & Nominating Committee having regard to the results of individual director orientation evaluation assessments and the results of the annual full Board performance evaluation assessments. Director orientation is fully described in the **Director Orientation & Continuing Development Policy**.

10.3 Director Continuing Development

Directors must have appropriate competencies to effectively fulfill their responsibilities to MCU and its Members and other stakeholders. MCU also believes that the knowledge, experience and skill of each director are important elements in the success and viability of MCU. Director continuing development is fully described in the **Director Orientation & Continuing Development Policy**.

10.4 Director Compensation and Expenses

Members of MCU recognize the importance of attracting and retaining a high quality and dedicated Board. Directors must have the experience, skills and credentials required to help steward MCU's strategies and oversee the increasingly complex operations of a significant financial institution. They are expected to attain a high degree of competency in a number of related areas, which requires on-going education. MCU must offer a level of compensation to its Directors that is competitive in the marketplace. Director compensation must be proportional to a consistent peer group of Canadian financial services institutions of like size and complexity. Director compensation is fully described in the **Director Compensation Policy**. MCU reimburses directors for expenses related to their service as directors, according to the guidelines set out in the **Director Expense Reimbursement Policy**.

10.5 Board and Director Evaluation

The Board must continually assess its effectiveness in fulfilling its responsibilities. In accordance with the **Board and Director Evaluation Policy**, the Governance & Nominating Committee is responsible for overseeing the assessment of the performance and effectiveness of the Board, the Board Chair, the Committees, the Committee Chairs and the individual directors. The assessment process will include an annual evaluation survey issued by the Corporate Secretary's office and a periodic peer-to-peer evaluation conducted by an external expert firm. In this process, directors provide their views on the effectiveness of the Board and of the director continuing development program. The details relating to the evaluation and assessment processes are contained in **the Board and Director Evaluation Policy**.

10.6 Board Communications and Engagement

The Board is responsible for ensuring that MCU's performance is accurately and fully disclosed to Members. Both formal and informal means of communication to Members are utilized to report on performance.

Formal reporting to Members consists of the preparation and distribution of MCU's Annual Report and through the holding of annual general meetings of Members. The annual general meeting is an opportunity for the Board, through the Board Chair, Committee Chairs, and the CEO to address the Members and for the Members to question both Management and the Board regarding MCU's performance. Several informal mechanisms for reporting to Members exist, including through MCU's website and other communication vehicles. In their "ambassadorial" role, directors can support MCU's message and community relationships and positively influence external perceptions.

Management ensures that an effective communications process is in place among MCU, its Members, and other stakeholders, which addresses the quality, quantity, integrity and credibility of information being communicated to Members and external stakeholders on MCU performance or issues that concern MCU operations.

When communicating publicly on matters that involve MCU business, the Board Chair, or another director authorized by the Board, speaks for the Board.

MCU has a formal program called "Managing Member Concerns". Concerns directed to a director must be placed into this program to ensure concerns are tracked and responded to, appropriately and on a timely basis.

10.7 Board Interaction with Regulators

The Board meets with regulators from time to time to discuss MCU's risk profile and control environment and maintains open lines of communication with them on significant developments, including changes to the Board and Management.

11.0 Review of this Policy

This Policy will be reviewed by the Governance & Nominating Committee, and thereafter approved by the Board of Directors, every three (3) years or more frequently in the event that substantive revisions are required or appropriate.

Revision History

Governance and Nominating Committee Review	Board Approval	Summary of Changes
September 24, 2026	September 24, 2026	• Update to reflect Governance Committee and Nominating Committee are merged. • Other updates to be considered at the regular review cycle for February 2027
February 14, 2024	February 15, 2024	• Aligned Committee duties with current practice (AGM Duties to GG); • Board tenure to 12; board size range of 7-17 directors • Non-material changes related to titles

APPENDIX A

The following co-operative principles are guidelines to be considered by MCU in alignment with, and in support of the execution of, its enterprise strategy.

1. Voluntary and Open Membership

In compliance with Section 23(2) of the Act, MCU shall operate on a co-operative basis such that, membership is voluntary and is open to those that fall within its bond of association as described in MCU's By-laws.

2. Democratic Member Control

In compliance with Section 23(2) of the Act, MCU members each have one vote at its general meetings or in respect of elections of its directors.

3. Member Economic Participation

In compliance with Section 23(2) of the Act,

(a) MCU's business is carried on primarily for the benefit of its members; and

(b) the net income that accrues from its business is,
- (i) used to provide services for its members,
- (ii) used to develop its business,
- (iii) used to increase its reserves or retained earnings,
- (iv) distributed to its members and shareholders, or
- (v) used for another purpose approved by the members.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. Should MCU enter into agreements with other organisations or raise capital from external sources, it will do so on terms that ensure democratic control by its members and maintain its co-operative autonomy.

5. Education, Training, and Information

MCU provides education, training and information to its members and empowers their financial knowledge.

6. Cooperation among Co-operatives

MCU is dedicated to strengthening the co-operative movement by working together through local, regional and national structures.

7. Concern for Community

As a financial co-operative, MCU promotes the sustainable development of communities.