



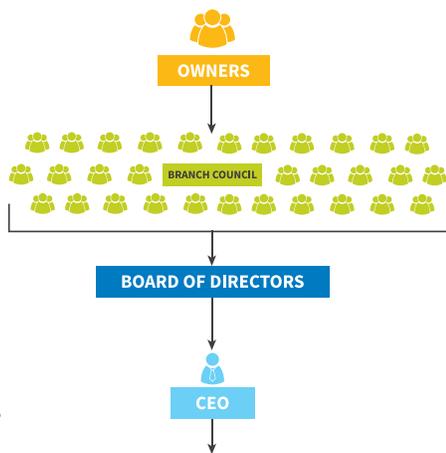
Powering Prosperity Connected Corporate Governance

Libro is proposing changes to our governance structure. Learn about these exciting updates before they are put to a vote at a Special General Meeting October 13, 2018.

What does Libro's governance structure look like today?

Libro Credit Union has a unique governance structure that connects our Owners, making sure their voices are heard.

Owner Representatives are elected by Owners to form Branch Councils that help guide Libro and represent our communities. Owner Representatives elect and provide strategic feedback to Libro's Board of Directors, act as ambassadors in the community, and help direct our community investment funds.



Why did Libro review its governance structure?

In 2014, Libro's Governance Task Force realized our existing governance structure would become hard to manage when we reached 30 branches.

Today, with 31 branches and more than 200 Owner Representatives, Libro is facing challenges with our current structure. There is decreasing engagement and a lack of role clarity. There is increasing difficulty recruiting new members as a result of increased time demands to support and oversee the growing structure.

Who has been involved in the review process?

During the review process we consulted with Owner Representatives, Libro's management and the Board of Directors to ensure our new structure addresses our current challenges, and provides value to Libro and our Owners. We also looked at the governance structures of other credit unions.

What decision criteria were used in the review process?

Before looking at options, the Board established criteria to determine the role of Owner Representatives as well as the ideal governance structure:

- Provides fair and equitable Owner representation
- Is dependent on a democratic process
- Supports Libro's Prosperity Purpose
- Provides value to Libro and Owner Representatives
- Is scalable and sustainable

What is the proposed governance structure?

In the proposed structure, proportionate Owner representation is defined by Libro's six operating regions, with a ratio of one Owner Representative per 1,000 Owners. Operating regions with a greater number of Owners will be divided into multiple governance regions by clustering branches together. This ensures effective group sizes and maintains a local connection. Initially the structure will operate with ten governance regional councils (down from 31 branch councils in our current structure) with the option to add further governance regions as our ownership grows.

**1 OWNER REP
PER 1,000
OWNERS**

Additional key elements:

- Owners may run for election for any council. Owner Representatives are elected at large within the governance region where they are nominated to run (not by branch).
- Owners will vote based in their branch assignment within a governance region.
- To keep council size manageable, the total number of councils could increase by a few before the ratio of Owner Representatives per Owners is reviewed.

How will the role of an Owner Representative change?

After reviewing the governance and community connections mandates within the Owner Representative role, the Board of Directors concluded that both are important functions that would best be served in a combined role.



Governance Responsibilities:

- Represent the interests of all Owners
- Elect Libro's Board of Directors to ensure decisions are made in the best interests of the credit union
- Stay informed about business and other issues that may assist with governance decision-making and oversight
- Be informed and supportive of Libro decisions
- Attend and participate in governance-related meetings
- Be responsible for Owner Representative and Director recruitment
- Advise Libro on governance initiatives and activities

Community Responsibilities:

- Practice and express Be Libro as an ambassador and role model in the community
- Represent Libro outside the organization
- Be well informed on community issues
- Act as a liaison between Owners, the community and Libro
- Support Libro's Prosperity Purpose
- Provide advice on community engagement initiatives

What are the benefits to our proposed model?

Fewer councils and Owner Representatives makes the proposed structure easier to sustain:

- Our Governance team can provide more support to regional councils using existing resources and relying less on branch staff.
- Libro's Board of Directors, senior leaders and regional staff are able to consult and gain insight from Owner Representatives quickly, consistently, and in a meaningful way.

Aligning councils to operating regions and voting based on home branch assignment helps us:

- Better represent Owners who live in communities without a Libro branch, and Owners who don't directly associate with a branch location.
- More easily manage our governance structure within Libro's existing system design.

How will Libro transition from the current structure to the new structure?

We will transition from our current governance structure carefully and transparently. An orderly transition is important to ensure strong, stable representative governance for Libro. We will support Owner Representatives to stand for election or step down as terms expire (note term expiry during the transition does not mean an Owner Representative must step down). We anticipate an increase in elections by ballot during transition.

How can I get involved in the transition process?

We are looking for Owner Representatives to form a working group to guide Libro through our governance transition. The working group will review many elements of transition, including community engagement and training.

It's a great way to have your say in how Libro can continue to make the best use of our unique governance structure and Owner representation.

Who decides if Libro will change its governance structure?

Our governance model delegates voting authority to our Owner Representatives who vote on behalf of Libro's Owners. Owner Representatives will have the final say on whether Libro adopts the proposed governance structure at a Special General Meeting on October 13, 2018.

Want to learn more about Libro's governance structure and the proposed changes?

To speak to a member of Libro's Governance team, or to be directed to an elected official contact:

 governance@libro.ca



Janet Taylor: 519-672-0130 x4369
Sarah VanderPloeg: 519-672-0130 x4379