Technology Committee Terms of Reference

Approved: December 17, 2014

1.1 PURPOSE
The Technology Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) to which the Board has delegated responsibility to provide strategic, risk and business oversight to Central 1’s direct banking and payment services’ lines of business. The Committee shall ensure that Central 1 provides maximum value, principally to its Class A Members and, secondarily, to other Canadian credit unions. The Committee shall also ensure that system risks inherent to these business lines are managed within both Central 1’s stated risk appetite and that of its Class A Members.

The Committee’s mandate requires engagement; a commitment to and focus on direct banking and payments; adaptability to change; a focus on gaining efficiencies; and innovative thinking. This is reflected in the Committee’s structure, attendance requirements and choice of members.

1.2 AUTHORITY
The Committee derives its authority from the Board.

The Committee may, at its discretion, require the attendance at any of its meetings of any member of Central 1’s executive management team.

1.3 COMPOSITION AND QUORUM

1.3.1 The Board of Directors shall annually appoint, at the first meeting of the Board following Central 1’s Annual General Meeting, a Committee consisting of up to eight persons, as follows:
   a) 3 Directors;
   b) 3 officers of Class A Members, but who are not Directors of Class A members; and
   c) up to 2 persons expert in the field of direct banking and/or payments. These persons may be but do not need to be a member of a credit union.

1.3.2 No member of the Committee shall be an officer or employee of Central 1 or a subsidiary of Central 1 who is involved in the day-to-day operations of Central 1 or the subsidiary.

1.3.3 No more than one representative from any one credit union is permitted to serve on the same committee of the Board of Directors except where one representative is serving ex-officio on that committee.

1.3.4 The Chairperson of the Board of Directors shall be an ex officio, non-voting member of the Committee, unless he or she is elected or appointed to the Committee by the Board.

1.3.5 A quorum shall be a majority of the Committee.

1.4 CHAIR SELECTION AND RESPONSIBILITIES

1.4.1 The Chairperson of the Committee shall be elected by and from the Board of Directors at the first meeting of the Board following Central 1’s Annual General Meeting.

1.4.2 The Chairperson of the Committee shall act in accordance with the Committee Chairperson’s Terms of Reference.
1.5 OBJECTIVES/DELIVERABLES
The Committee shall:

a) review and set the vision and high-level objectives for Central 1’s direct banking and payment services. It shall focus on the retail components of these business lines, in order to ensure that each member’s/ customer’s business is supported;

b) review and respond to the impacts of external technology based threats and opportunities for the credit union system;

c) take account of the current and future business needs and objectives of the credit union constituents;

d) review and mitigate identified risks to credit unions or Central 1’s direct banking and payment services operations;

e) evaluate the current and future use of technologies to support the direct banking and payments lines of business;

f) review and make recommendations to the Board of investments in technology and or strategic partnerships relating to the direct banking and payments services business line;

g) monitor the implementation of key strategic projects and investments against business objectives and business cases;

h) oversee the plans and policies to ensure that Direct Banking and Payment Services meet the business and risk management objectives of the stakeholders;

i) monitor performance of the Direct Banking and Payments Services business against plans, policies and key business and risk management criteria;

j) review and discuss the strategic planning and decision making processes for direct banking and payment services. This includes overseeing the following sub-committees: Direct Banking; Payment Services Advisory Committee; and the C2C Node Committee. This oversight entails;

   i. ensuring sub-committees are populated with the correct committee members;

   ii. annually reviewing operational results as well as the execution of a development roadmap against plan;

   iii. establishing guiding principles to determine how credit unions, including Central 1, will collaborate in direct banking and payments, as well as set and execute the strategy;

   iv. responding to escalations from sub-committees and resolving product development priority conflicts and associated funding/budget implications;

   v. reviewing new contracts (relating to technology or payments) or changes to existing contracts (relating to technology or payments) that are material to Central 1. Materiality is defined in Central 1’s New Product and Activity Policy. The Committee will review recommendations of management in respect of Central 1’s direct banking and payment services operations, and make recommendations thereon to the Board of Directors; and

   vi. providing direction on contract negotiating strategy, as required.

k) effectively collaborate with Central 1’s Risk Review and Investment and Loan Committee to ensure knowledge is transferred between the two committees.

1.6 MEETINGS AND PROCEDURES

1.6.1 The Committee shall meet as it deems necessary, but not less than quarterly. A meeting may be called at the request of the Committee’s Chairperson, or any two members of the Committee.

1.6.2 The Committee may meet in person, by conference call or by video conferencing. Whenever possible, seven days' notice in writing shall be circulated to members of the Committee and any guests (external auditor, external counsel), as appropriate.

1.6.3 The Committee’s Chairperson and the designated member of the Executive Management Team to the Committee shall meet two weeks in advance of the Committee’s meeting date and within five business days following the meeting. The purpose of the advance meeting will be to review the proposed agenda and reports while the post meeting’s purpose will be to debrief and ensure items requiring follow up are noted.

1.6.4 The agenda and required reports shall be circulated to Committee members (via Central 1’s board portal or e-mail) one week in advance of the meeting date. The option for an “in-camera” session of the Committee (with
or without the designated members of the Executive Management) shall be present on the agenda of each meeting.

1.7 MANAGEMENT AND RESOURCES
The Committee shall be resourced by the Chief Technology and Payments Officer.

The Committee is authorized to retain external consultants, and other resources, as requested, with all contracts for such services being reviewed, where appropriate, by Central 1’s Legal Department and subject to any contract in excess of $10,000 being approved by the Chairperson of the Board of Directors or the Board of Director prior to it being executed. The Committee shall report to the Board of Directors on any undertakings to engage such advisors, including the level of compensation.

1.8 RECORDS AND REPORTING
The official records of the Committee including all meeting material and minutes are maintained by the Office of the Corporate Secretary. Minutes of every meeting shall be recorded and available to Committee members and the Board of Directors.

1.9 ACCOUNTABILITY
The Committee is accountable to the Board of Directors and the Chairperson of the Committee shall formally report to the Board of Directors, at least quarterly, on its activities, making such recommendations to the Board of Directors as it deems advisable.

1.10 EVALUATION OF COMMITTEE EFFECTIVENESS
The Committee shall annually review and assess the adequacy of its mandate and its effectiveness in fulfilling its mandate. As part of this review, Committee members will ensure the Committee’s Terms of Reference remain relevant and up-to-date.