

## Technology and Innovation Committee Terms of Reference

Approved: September 7, 2018

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### PURPOSE

The Technology and Innovation Committee (“**Committee**”) is a committee of the Board of Directors (the “**Board**”) of Central 1 Credit Union (“**Central 1**”) to which the Board has delegated responsibility to provide strategic and risk oversight of matters relating to innovation and technology.

The Committee’s mandate requires engagement; a commitment to and focus on technology; adaptability to change; a focus on gaining efficiencies; and innovative thinking.

### COMPOSITION AND TERM OF OFFICE

1. The Committee shall consist of a minimum of (5) directors. The members of the Committee shall be elected or appointed annually by the Board at the first meeting of the Board following Central 1’s annual general meeting (“**AGM**”) to hold office until the next AGM. A member of the Committee ceases to be a member of the Committee when he or she ceases to be a director of Central 1 or when he or she resigns from the Committee or is removed or replaced by the Board. A casual vacancy may be filled, and additional members of the Committee may be appointed by the Board, to hold office until the next AGM.
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.
3. No more than one representative from any one credit union is permitted to serve on the Committee except where one representative is serving ex-officio on the committee.
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.

### DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee include matters relating to digital and payments projects and programs, enterprise technology (which includes treasury) projects and programs and operations.

#### Digital and Payments Products

1. Annually review and recommend to the Audit and Finance Committee budget items specific to digital and payments projects and programs for inclusion in budget.
2. Annually review and approve the digital and payments products roadmap and ensure the roadmap aligns with Central 1’s strategic direction.
3. Review, and as deemed advisable, recommend to the Board for approval business cases for digital and payments products with a value of over \$5 million.
4. For digital and payments product projects with a value over \$5 million:
  - (a) review, at least quarterly, financial and non-financial risks associated with such projects and ensure that such risks are fully understood and managed appropriately, with action plans in place to respond to any identified issues and any important topics relating to such risks be reported to the Board<sup>1</sup>;
  - (b) review project governance;

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<sup>1</sup> All risks with respect to a program/project will continue to be reported to the Risk Review and Investment & Loan Committee with an emphasis on financial risks, compliance and Top Line, Critical and Emerging Risks. The Integrated Risk Report will continue to be provided with coverage of all risks.

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- (c) review regular updates on the program/projects to ensure that all necessary steps have been taken to develop the solution on time and on budget, risk are mitigated, a sales strategy is in place and the program/projects are effectively being implemented; and
  - (d) track progress against approved business cases.
5. Annually review and approve policies specific to digital and payment services, if any.
  6. Inform the Committee on industry trends and innovations in digital banking and payments.

### Clearing and Settlement

7. Annually review and recommend to the Audit and Finance Committee budget for clearing and settlement program/projects.
8. Review, and as deemed advisable, recommend to the Board for approval business cases for clearing and settlement program/projects, including the Payments Canada Modernization Project, with a value of over \$5 million.
9. For clearing and settlement program/projects, including Payments Canada Modernization Project, with a value over \$5 million:
  - (a) review, at least quarterly, financial and non-financial risks associated with such projects and ensure that such risks are fully understood and managed appropriately, with action plans in place to respond to any identified issues and any important topics relating to such risks be reported to the Board<sup>1</sup>;
  - (b) review project governance;
  - (c) review regular updates on the program/projects to ensure that all necessary steps have been taken to develop the solution on time and on budget, risk are mitigated, a sales strategy is in place and the program/projects are effectively being implemented; and
  - (d) track progress against approved business cases.
10. Inform the Committee on industry trends and innovations relating to clearing and settlement.

### Enterprise-wide Technology

11. Annually review and approve the enterprise-wide technology roadmap and ensure the roadmap aligns with Central 1's strategic direction.
12. Annually review and recommend to the Audit and Finance Committee budget for enterprise-wide technology projects and programs.
13. Review, and as deemed advisable, recommend to the Board for approval business cases for enterprise-wide technology with a value of over \$5 million.
14. For enterprise-wide technology projects with a value over \$5 million:
  - (a) review, at least quarterly, financial and non-financial risks associated with such projects and ensure that such risks are fully understood and managed appropriately, with action plans in place to respond to any identified issues and any important topics relating to such risks be reported to the Board<sup>1</sup>;
  - (b) review project governance;
  - (c) review regular updates on the program/projects to ensure that all necessary steps have been taken to develop the solution on time and on budget, risk are mitigated, a sales strategy is in place and the program/projects are effectively being implemented; and
  - (d) track progress against approved business cases.
15. Inform the Committee on industry trends and innovations relating to enterprise-wide technology.

### Miscellaneous

16. Receive internal audit reports and supervisory reviews from FICOM in respect of digital banking and payments, clearing and settlement and enterprise-wide technology, and ensure compliance with recommendations in a timely manner.

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17. Receive reporting from management specific to technology and cyber risks and ensure that such risks are fully understood and managed appropriately, with action plans in place to respond to any identified issues, including receiving quarterly reports on Information Security Threats and Risks & Counter Measures. The Committee shall include any important topics relating to such risks in its reports to the Board.
18. Review and approve information regarding material proposals (in response to requests for proposal) for technology projects and programs which may have strategic significance for Central 1 and provide feedback as deemed appropriate.
19. Receive and review reports on material changes to laws relating to Central 1 technology and provide feedback as deemed appropriate.

### MEETINGS AND PROCEDURES

1. The Committee shall meet as it deems necessary to fulfill its duties hereunder, but no less than once each quarter. The time and location of meetings and the procedures to be followed at such meetings shall be determined, from time to time, by the Committee. The Board Chairperson, the Committee Chairperson, any two (2) members of the Committee, the Chief Digital and Payment Officer (or Central 1 employee in equivalent capacity) (“**CDPO**”) or the Chief Risk Officer (“**CRO**”) may call meetings of the Committee. The Committee may meet in person, by conference call or by other electronic means.
2. Whenever possible seven (7) days’ notice of the meeting shall be provided, in writing, to members of the Committee and any invited persons. The agenda and required reports shall be circulated to the Committee (via Board’s web portal or e-mail) one week in advance of the meeting date, whenever possible.
3. A quorum at any meeting of the Committee shall be a majority of the members of the Committee, excluding *ex-officio* members. Decisions of the Committee will be by an affirmative vote of the majority of those members of the Committee voting at a meeting. The Committee may also act by resolution in writing approved by all the members of the Committee.
4. The Committee Chairperson shall appoint a Recording Secretary who need not be a director or committee member to keep minutes or other records of the meeting.
5. The Committee will meet “*in-camera*” at each meeting with only members of the Committee present.
6. The Committee may invite any director, officer or employee of Central 1 or any other person, as appropriate, to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee, including the President and Chief Executive Officer, any member of executive management, external auditor, or external counsel.

### MANAGEMENT AND RESOURCES

1. The Committee shall be resourced by the Chief Digital and Payments Officer.
2. The Committee shall have the authority to engage and determine funding for any independent counsel, consultants and advisors, as it may deem necessary to carry out its responsibilities, provided that all contracts for such services shall be reviewed, where appropriate, by Central 1’s Legal Department and that any contract in excess of \$10,000 must be approved by the Board Chairperson or the Board prior to execution. The Committee shall report to the Board on any undertakings to engage such external resources, including the level of compensation.

### RECORDS

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.

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### **ACCOUNTABILITY**

The Committee is accountable to the Board. The Committee Chairperson shall report the proceedings of each meeting and all recommendations made by the Committee at such meeting to the Board, at the Board's regularly scheduled meeting.

### **EVALUATION OF COMMITTEE MANDATE AND EFFECTIVENESS**

The Committee shall annually review and assess the adequacy of its mandate. As part of this review, the Committee will review and assess the adequacy of its Terms of Reference on an annual basis taking into account all legislative and regulatory requirements applicable to the Committee, as well as any best practice guidelines, and, if appropriate will recommend changes to the Conduct Review and Corporate Governance Committee. The Committee shall assess its effectiveness in fulfilling its mandate through its inclusion in reviews of Central 1 Committees led by the Conduct Review and Corporate Governance Committee.

### **AMENDMENTS**

The Board must authorize substantive amendments to these Terms of Reference. The Corporate Secretary may make administrative amendments, including amendments related to dates, organization and similar matters.