

Human Resources Committee Terms of Reference

Approved: November 23, 2023

Reviewed: October 24, 2023

1.1 PURPOSE

The Human Resources Committee (the “**Committee**”) is a committee of the Board of Directors (“**Board**”) to which the Board has delegated responsibility for overseeing (i) human resources policies and practices, (ii) compensation policies and major compensation programs, (iii) compensation for the President and Chief Executive Officer (“**CEO**”) and members of the Executive Leadership Team, (iv) succession plans for the CEO, Executive Leadership Team and key leadership roles, (v) compensation risk management; (vi) the pension plans of Central 1; and (vii) organizational health.

For the purposes of these Terms of Reference, the “Executive Leadership Team” means the executive officers of Central 1 other than the President and CEO.

The Committee derives its authority from the Board.

1.2 COMPOSITION AND TERM OF OFFICE

- a) The Committee shall consist of a minimum of five (5) directors, one (1) of whom shall be the Board Chair or Vice Chair. The members of the Committee shall be elected or appointed, as the case may be, 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 they cease to be a director of Central 1 or when they resign from the Committee or are 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.
- b) Each member of the Committee will be Independent as defined in the Structure section of the Board Manual. None of the members of the Committee will be: (a) an employee of Central 1 or any of its subsidiaries; or (b) an officer of Central 1 or any of its subsidiaries who are involved in the day-to-day operation of Central 1 or its subsidiaries.
- c) No more than one representative from any one credit union is permitted to serve on the Committee, except where one representative is serving as an ex-officio member of the Committee.
- d) The Board shall elect annually the Chair of the Committee at the first meeting of the Board following the AGM. If the Committee Chair should vacate the position, the Board will elect a successor. The Chair of the Committee shall act in accordance with the Position Description: Committee Chair section of the Board Manual.

1.3 DUTIES AND RESPONSIBILITIES

The Committee shall perform the following functions, as well as any other functions specifically delegated to the Committee from time to time by the Board:

1.3.1 Organization Culture and Health

- a) Quarterly receive reports on the status of Central 1’s organizational culture and health with insights from the organization’s ability to recruit, retain, and develop a strong, diverse and inclusive Central 1 team and culture to live its values and deliver on the organization’s strategy.
- b) Annually ensure that organizational culture and engagement are adequately measured by such methods as may be determined by the Committee from time to time.

1.3.2 Human Resources Policies and Practices

- a) Review as required Central 1’s human resources policies and practices to ensure they are consistent with Central 1’s values, vision, risk appetite and strategic plan, and meet the statutory and regulatory requirements of employment standards, human rights and other applicable legislation.
- b) Regularly stay informed of changes to legislation, regulation and best practices in human resources, compensation and pension issues relevant to the mandate of the Committee.
- c) Receive reporting from management specific to people risks and ensure that such risks are fully understood and managed appropriately, with action plans in place to respond to any identified issues. The Committee shall include any important topics, issues and action plans relating to such risks in its reports to the Board.

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1.3.3 Compensation and Incentive Plans

- a) Annually review and approve compensation policies and major compensation programs against business objectives, operations and the risks to which Central 1 is exposed.
- b) Annually review and recommend to the Board for its approval the key plan design and components of the annual incentive plan, and the annual payout of the award.
- c) Annually review and determine the average salary increase necessary to ensure Central 1 maintains and attracts talent, and in alignment with Central 1's compensation philosophy and policy, and recommend same to the Audit & Finance Committee for consideration as part of the Audit & Finance Committee's budget development process.
- d) Annually review and approve Central 1's public disclosure of executive compensation information in its annual disclosure documents prior to its dissemination.

1.3.4 President and Chief Executive Officer

- a) Annually review and recommend to the Board for its approval the CEO's goals and objectives; formally evaluate the CEO's performance against these goals; lead the CEO review process and report the results of the process to the Board, and based on the evaluation recommend to the Board for its approval the CEO's compensation.
- b) Review and recommend to the Board for its approval, as deemed necessary or advisable, the general terms and conditions of employment of the CEO, including severance and retirement arrangements.
- c) Annually review and recommend to the Board for approval the succession plan for the CEO position, including specific development plans and career planning for potential successors.
- d) Recommend to the Board, as deemed necessary or advisable, members of the Board for appointment to a Board Search Committee to lead the search for an individual qualified to become the CEO; notwithstanding the fact that the full Board has the responsibility for appointing the CEO.

1.3.5 Executive Leadership Team

- a) Annually ensure that the CEO has a process in place for the performance assessment of members of the Executive Leadership Team.
- b) Annually review and approve the compensation for each member of the Executive Leadership Team, taking into account the CEO's annual performance evaluation and recommendations and the overall structure of compensation for the Executive Leadership Team, and report its broad conclusions to the Board.
- c) Upon providing to and receiving feedback and recommendations from the CEO, review and recommend the appointment, replacement, or reassignment of members of the Executive Leadership Team ("ELT") that are not subject to approval by the Audit and Finance Committee or the Risk Review and Investment and Loan Committee.
- d) Review and approve, as deemed necessary or advisable, the general terms and conditions of employment of members of the Executive Leadership Team, including severance and retirement arrangements, as well as any exceptions to the general terms and conditions requested by the CEO.
- e) Annually review and approve the succession plan process and framework for the Executive Leadership Team, and receive from the CEO an overview of the specific development plans and career planning for potential successors.

1.3.6 Pension Plans

- a) Annually review a compliance report from management regarding obligations with respect to providing employee benefits, funding obligations related to retirement and benefit plans and compliance with the terms of such plans.
- b) Act as administrators of Central 1's Non-Registered Supplemental Pension Plan (the "**Non-Registered Plan**") in accordance with the terms and conditions set out in the Non-Registered Plan Document and, within its approved budget, have the authority to engage and determine funding for independent consultants such as legal, accounting, actuarial and other advisors as it deems necessary or appropriate to carry out its responsibilities.
- c) Oversee the Retirement Pension Plan for the Ontario Based Employees of Central 1 Credit Union (the "**Plan**"). The Committee shall establish a Pension Sub-Committee to govern the Plan and establish the Pension Sub-Committee's Terms of Reference, in accordance with the Plan, including the authority to engage and determine funding for advisors, as necessary, and provide oversight of the Pension Sub-Committee in accordance with its terms of reference, including:
 - i. the review and consideration of recommendations made to it by the Pension Sub-Committee, including Plan amendments and funding and surplus policies;
 - ii. the delegation of other duties to the Pension Sub-Committee; and
 - iii. the consideration of appeals made by any person presenting a claim for benefits under the Plan.

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1.4 MEETINGS AND PROCEDURES

- a) The Committee shall meet as it deems necessary to fulfill its duties and responsibilities hereunder, but no less than once each quarter. The time and location of the meetings and the procedures to be followed at such meetings shall be determined, from time to time, by the Committee. The Board Chair, the Committee Chair, any two (2) members of the Committee, the Chief People and Corporate Services Officer or the Corporate Secretary may call meetings of the Committee. The Committee may meet in person, by conference call or by other electronic means.
- b) 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 the Board's web portal or email) one week in advance of the meeting date, whenever possible.
- c) A quorum at any meeting of the Committee shall be a majority of the members of the Committee, excluding any 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 signed by all the members of the Committee.
- d) The Chair of the Committee shall appoint a recording Secretary who need not be a director to keep minutes or other records of the meeting.
- e) The Committee will meet "in-camera" at each meeting with only the members of the Committee present.
- f) 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 CEO, any member of executive management, external auditor, or external counsel.

1.5 MANAGEMENT AND RESOURCES

- a) The Committee shall be resourced by the CEO and Chief People and Corporate Services Officer.
- b) 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 Chair 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.

1.6 RECORDS

The official records of the Committee, including all meeting material and minutes, are maintained by the Corporate Secretary. Minutes of every meeting shall be recorded and available to Committee members and the Board.

1.7 ACCOUNTABILITY

The Committee is accountable to the Board. The Chair of the Committee 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.

The Pension Sub-committee is accountable to the Committee.

1.8 EVALUATION OF COMMITTEE 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.

1.9 COMMITTEE OUTPUT

The major periodic activities of the Committee are outlined in Schedule "A" attached hereto.

1.10 AMENDMENTS

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

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SCHEDULE A

HUMAN RESOURCES COMMITTEE – ROUTINE OUTPUTS

Routine Outputs		Q1	Q2	Q3	Q4
1.	Quarterly receive reports on the status of Central 1's organizational culture and health	•	•	•	•
2.	Annually receive and review organizational health survey	•			
3.	Annually review Central 1's human resources policies to ensure consistency with Central 1's strategy and compliance with statutory and regulatory requirements, including employment standards, human rights and other applicable legislation.		•		
4.	Annually review and approve compensation policies and major compensation programs.			•	
5.	Annually review the Terms of Reference and as deemed necessary recommend changes to the Conduct Review and Corporate Governance Committee			•	
6.	Annually review and recommend to the Board for approval the annual incentive payout.	•			
7.	Annually review and recommend to the Board for approval key plan design and components of the annual incentive plan.				•
8.	Annually review and recommend to the Audit & Finance Committee for consideration the average salary increase.				•
9.	Annually review and approve Central 1's public disclosure of executive compensation information in Central 1's annual disclosure documents	•			
10.	Annually review and recommend to the Board for approval CEO's individual objectives				•
11.	Semi-annually lead evaluation of CEO's performance against the individual objectives and report to the Board	•		•	
12.	Annually review and recommend to Board for approval CEO's compensation for current year.	•			
13.	Review and recommend to the Board as deemed necessary general terms and conditions of employment for the CEO including severance and retirement arrangements.				
14.	Annually review and recommend to Board for approval succession plan for CEO			•	
15.	Recommend to the Board as deemed necessary members of the Board for appointment to a Board Search Committee to lead the search for a CEO				
16.	Annually ensure that the CEO has a process in place for the performance assessment of the executive leadership team		•		
17.	Annually review and approve compensation for the executive leadership team, excepting the CEO, and report broad conclusions to the Board	•			
18.	Review and recommend the appointment, replacement, or reassignment of members of the Executive Leadership Team ("ELT") (as applicable).				
19.	Review and approve, as deemed necessary, general terms and conditions of employment of Executive Leadership Team including any exceptions to same requested by the CEO.				
20.	Annually review and approve, in consultation with the CEO, succession plan process and framework for the executive leadership team and receive from the CEO an overview of the specific development plans and career planning for potential successors			•	
21.	Annually receive and review a report from management regarding obligations with respect to the provision of employee benefits.				•
22.	Receive report from management regarding Central 1's Non-Registered Supplemental Pension Plan, as necessary				
23.	Oversee the Retirement Pension Plan for Ontario-Based Employees of Central 1 through the Pension Sub-Committee	•		•	