

Technology and Innovation Committee Terms of Reference

Approved: November 23, 2023

Reviewed: November 2, 2023

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 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.
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 Chair 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.

Major Projects

1. In accordance with Central 1’s Corporate Signing Authority document and New Services and Enhancements Policy, review, and if appropriate, approve business cases for Digital, Payment, IT and other technology related programs/project having a value of over \$5 million (“**Major Projects**”).
2. For **Major Projects**:
 - (a) Ensure oversight of project scope and implementation, and continued alignment with Central 1’s strategic business priorities;
 - (b) Approve proposed changes to budget, scope and timing of Major Projects;
 - (c) Receive, at least quarterly, reports from the relevant Executive Sponsor on the status of Major Projects including updates on budget, scope, timing, benefits realization, release management, implementation, governance practices and sales strategy;

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- (d) Receive, at least quarterly, reports from the Executive Sponsor or Chief Risk Officer regarding the specific financial and non-financial risks associated with Major 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 Board¹;
 - (e) Track progress against approved business cases; and
 - (f) Where appropriate, engage an independent auditor to conduct an independent risk assessment.
3. Receive, at least quarterly, updates on technology-related initiatives identified as strategic if not already considered to be a Major Project.

Information Technology (IT)

- 4. Annually review appropriateness of Central 1's IT strategy, and ensure it supports and enables Central 1's strategic direction.
- 5. Annually receive a report on IT performance metrics and governance.
- 6. Annually receive a report on Central 1's information security and cyber-maturity and ensure that 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.
- 7. Review results of annual disaster recovery exercise, and ensure that risks are fully understood and managed appropriately, with action plans in place to respond to any identified issues,
- 8. Review and recommend to the Board policies specific to enterprise wide technology, if any.
- 9. Inform the Committee on emerging technologies and trends relating to enterprise-wide technology, and their potential impact on the organization.

Miscellaneous

- 10. Receive internal audit reports and supervisory reviews from BCFSa in respect of digital banking and payments, clearing and settlement and enterprise-wide technology and other technology and governance related matters, and ensure compliance with recommendations in a timely manner.
- 11. Receive and review matters brought to the Committee's attention by customer advisory councils in respect of digital banking and payments products and services (e.g. Payments Customer Advisory Council, Forge Customer Advisory Council), as needed, and escalate such matters to the Board as 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 Chair, the Committee Chair, any two (2) members of the Committee, or the Corporate Secretary 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.

¹ 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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4. The Committee Chair 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 Technology Officer, and the Chief Product 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 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.

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.

ACCOUNTABILITY

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

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SCHEDULE A

TECHNOLOGY & INNOVATION COMMITTEE – ROUTINE OUTPUTS

Routine Outputs		Q1	Q2	Q3	Q4
Major Projects					
1.	Receive quarterly reports from relevant Executive Sponsor on status of Major Projects including updates on budget, scope, timing, benefits realization, release management, implementation, governance practices and sales strategy	•	•	•	•
2.	Receive quarterly, reports from Executive Sponsor or Chief Risk Officer regarding the specific financial and non-financial risks associated with Major Projects. Ensure such risks are understood and managed appropriately, with action plans in place to respond to identified issues and, if deemed prudent, any important topics relating to such risks to be reported to the Board	•	•	•	•
3.	Receive quarterly, updates on technology-related initiatives identified as strategic if not already considered to be a Major Project.	•	•	•	•
Information Technology (IT)					
4.	Annually review appropriateness of Central 1's IT strategy, and ensure it supports and enables Central 1's strategic direction.			•	
5.	Annually receive a report on IT performance metrics and governance	•			
6.	Annually receive a report on Central 1's information security and cyber-maturity. Ensure risks are understood and managed appropriately, with action plans in place to respond to identified issues, including receiving quarterly reports on Information Security Threats and Risks & Counter Measures.				•
7.	Review results of annual disaster recovery exercise, and ensure that risks are fully understood and managed appropriately, with action plans in place to respond to any identified issues	•			
General					
8.	Annually review the Terms of Reference and as deemed necessary recommend changes to the Conduct Review and Corporate Governance Committee			•	