

## 1. About the Charter

**Purpose**

The Board of Directors of Coast Capital Savings Federal Credit Union (“Coast Capital”) (the “Board”) has delegated to the Human Resources Committee (the “Committee”) the responsibilities and authority outlined in this Charter.

**Role of Committee**

The Committee is responsible for:

- Providing a forum for ‘big picture’ oversight of the Human Resources Strategy as it underpins the People side of Coast Capital’s corporate strategy.
- Reviewing, recommending or approving, as required, the appointment, compensation, evaluation, succession planning and, if necessary, termination of the Chief Executive Officer (the “CEO”) and, where appropriate, members of the Executive Committee (“ExCo”).
- Establishing appropriate standards of business conduct and ethical behavior for Coast Capital, its directors, officers and employees, ensuring monitoring and compliance with those standards, and promoting the ongoing education and enhancement of those standards.
- Fulfilling the legal requirement of having a conduct review committee and performing all the duties required of such a committee in the *Bank Act* and regulations.

## 2. Composition

**Election**

The Committee members are elected by the Board at the first meeting of the Board following each Annual General Meeting (the “AGM”), and otherwise as required.

**Number**

The Committee has at least three members.

**Qualifications**

- All members of the Committee must be independent directors, as defined in the Coast Capital Savings Federal Credit Union Rules (the “Rules”) and the independence standards established by the Board.
- At least one member of the Committee must have relevant experience related to human resources and executive

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compensation, which may include, without limitation, experience in human resources management, or as a chief executive officer.

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**Chair**

The Committee Chair is elected by a majority of the Committee at the first meeting of the Committee following the AGM, and otherwise as required.

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### 3. Responsibilities

**Strategy**

1. Monitor the development and provide oversight of the Human Resources Strategy as it underpins the People side of Coast Capital's corporate strategy.
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**Compensation Policy and Structure**

2. Review the Human Resources and Compensation Policy and ensure adequate policies and procedures are in place for its implementation.
  3. Review and recommend to the Board the Executive Compensation Philosophy.
  4. Review and recommend to the Board annual executive incentive plans.
  5. Review reporting on any metrics included in executive compensation plans.
  6. Review and recommend to the Board the corporate short-term and long term incentive plan (the "STIP" and the "LTIP") results and the total STIP payout for the organization.
  7. Review and approve material non-executive incentive plans, any employee benefits programs providing for preferred terms and conditions on loans and other financial services, and any significant changes thereto.
  8. Satisfy itself that risks associated with human resources and compensation, in particular with respect to the design of the performance component of the compensation of the CEO and ExCo, are appropriately identified, assessed and managed, seeking the advice of the Chief Risk Officer (the "CRO").
  9. Review input annually from the CRO and the Risk Review Committee (the "RRC") on Coast Capital performance against the Risk Appetite Statement, which, among other things, may be used as inputs by the Committee as part of the compensation process.
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**Succession and Talent Management**

10. Approve and oversee the succession planning and leadership development initiatives of senior management and other critical positions, including the heads of the oversight functions (CRO, Chief Compliance Officer<sup>1</sup> ("the CCO"), the Chief Financial Officer (the "CFO") and the Chief Internal Auditor<sup>2</sup> (the "CIA") upon
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<sup>1</sup> The Chief Compliance Officer is the Chief Legal, Regulatory and Corporate Affairs Officer.

<sup>2</sup> The Chief Internal Auditor is the Vice-President, Internal Audit.

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consultation with the RRC or the Audit & Finance Committee (the “AFC”) as appropriate.

11. Annually review and ensure there is an enterprise talent management process.
12. Ensure that future vulnerabilities to the organization are identified with respect to staff and skills requirements.
13. Develop and review at least annually for Board approval, the Future CEO Development profile as a guide to succession planning and leadership development.

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**Employee  
Engagement**

14. Review the employee engagement survey methodology and results and the ensuing action plans developed by management.
15. Review, at least annually or as necessary, insight derived from exit interviews of management.

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**Compliance and  
Disclosure**

16. Review an annual compliance report from management regarding obligations with respect to employee benefits, and funding obligations and compliance with the terms of pension plans and group RRSPs.
17. Approve any disclosure in relation to human resources practices and executive compensation before it is disclosed.
18. At least every three years, review and approve Coast Capital’s policy on background checks for directors and senior management.

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**President & CEO**

19. Recommend to the Board the appointment and termination of the CEO.
  20. Develop and periodically update, for Board approval, the CEO Job Description.
  21. At least every three years, review the CEO Contract to ensure it remains current with best practice and market conditions, and recommend any changes to the Board.
  22. Develop and recommend to the Board an appropriate evaluation process for the CEO’s performance.
  23. Annually develop, in consultation with the CEO and the Board, the annual goals, objectives, STIP and LTIP and competencies for their performance, for approval by the Board.
  24. Monitor the CEO’s performance relative to the goals and objectives.
  25. Evaluate the CEO’s performance through conducting:
    - (a) a mid-year evaluation of performance relative to the STIP goals;
    - (b) an annual evaluation, in consultation with the Board, of the CEO’s performance measured against the annual
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goals and objectives, and provide the performance evaluation results to the Board Chair.

26. Annually set development plans for the CEO based on their performance evaluation and the future needs of the organization.
27. Recommend to the Board the annual CEO compensation package, including STIP and LTIP plans.
28. Review the CEO's STIP and LTIP results and recommend to the Board payouts to be made to the CEO.

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**Executive  
Committee**

29. Review and recommend to the Board proposed changes to the organization of ExCo prior to implementation.
30. Upon the recommendation of the CEO, confirm the appointment and termination of members of ExCo, excluding the heads of oversight functions whose appointment and termination are governed by the RRC Charter or the AFC Charter, as applicable.
31. Ensure that the CEO has an adequate process in place to evaluate individual ExCo members, and review the CEO's performance evaluations for individual ExCo members.
32. Review and approve the form and content of the compensation of ExCo and the CIA, including benefits and perquisites, LTIP and STIP, after considering the performance reviews and recommendations of the CEO, and the performance reviews of the RRC and AFC as applicable for the heads of the oversight functions, and market conditions.
33. Review ExCo's STIP and LTIP results and recommend to the Board payouts to be made to ExCo.
34. Review and approve the retirement and severance arrangements of departing members of ExCo.

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**Conflicts of  
Interest &  
Code of Conduct**

35. Establish and review, at intervals of not more than two (2) years, written policies and procedures relating to:
    - (a) the prevention and resolution of conflicts of interest; and
    - (b) techniques for the identification of potential conflict of interest situations and for restricting the use of confidential information.
  36. Annually review and recommend to the Board for approval the Code of Conduct and Business Ethics Corporate Policy.
  37. Review annual reporting of non-compliance and/or infractions of policies and procedures relating to the approved standards of
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business conduct and ethical behavior and relevant standards and regulations.

38. Review reports on material events related to staff conduct that could potentially create a financial risk, regulatory risk, or could negatively impact the reputation of Coast Capital
39. Seek assurance that all policies and procedures adopted by the Committee are communicated to all persons responsible for their implementation.

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**Director Conduct**

40. In the first quarter of the calendar year, review the forms and policies that directors are required to sign on an annual basis and recommend changes to the Board as necessary.
  41. In the second quarter of the calendar year, ensure that all directors formally acknowledge the Director's Acknowledgement and the policies referred to therein by signing and returning that document to the Chief People Officer ("CPO").
  42. Review the actions of any director and make a determination that the director:
    - (a) Breached or violated the Rules, Director Code of Conduct & Conflict of Interest Policy, or any other codes and policies as that director may become subject to as a director of Coast Capital from time to time;
    - (b) Breaching the confidentiality of any proceedings, deliberations, or information of the Board;
    - (c) Failed to meet the standards for directors set out in the Directors Code of Conduct & Conflict of Interest Policy; or
    - (d) As a candidate for election as a director, violated the Campaign Regulations or the Rules.
  43. Where a determination has been made under paragraph 39 of this Charter, refer the matter to the Board for consideration.
  44. Ensure that:
    - (a) Director conduct issues are handled in accordance with the Policies and Procedures Relating to Director Review; and
    - (b) The Office of the Superintendent of Financial Institutions ("OSFI") receives information as it requires concerning director conduct.
  45. Report to the Governance & Nominations Committee the number of any non-independent directors as defined by s. 13.6 of the Rules and the Director Independence Policy.
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**Related Party Transactions**

46. At least every two years, review and approve the Related Party Transactions Policy, including materiality criteria for related party transactions.
  47. Annually review the procedures established by management for complying with Part XI: Self-Dealing of the *Bank Act* and their effectiveness.
  48. Approve related party transactions that require the Committee's approval pursuant to the Related Party Transactions Policy.
  49. Report to the Board after each meeting of the Committee on the matters reviewed by the Committee concerning related party transactions, including the particulars of all related party transactions that have been approved by the Committee.
  50. Recommend to the Board the report to OSFI, due within 90 days of the end of each fiscal year, on the activities of the Committee in carrying out its responsibilities under subsection 195(3) of the *Bank Act*.
  51. Review quarterly a summary of directors' expenses as they relate to potential conflicts of interest or payments to related party corporations.
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**General**

52. At least every three years, review, recommend and approve, as required, the Board policies for which the Committee has oversight as per the Corporate Documents Governance Framework.
  53. Annually review the Committee to assess its contribution and effectiveness in fulfilling its duties as set out in this Charter.
  54. Annually review this Charter, and the Rolling Agenda, and recommend changes to this Charter to the Governance & Nominations Committee as necessary.
  55. Perform such other functions and tasks as may be legally required or delegated to the Committee by the Board.
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## 4. Meetings

**Meeting Schedule**

56. The Committee meets at least once in each quarter, and otherwise meets at the call of the Committee Chair.
  57. Where the Chief Internal Auditor<sup>3</sup> (the "CIA") or the External Auditors have made a report or have a duty or function in relation to which the Committee has called a meeting, the CIA or the External Auditors, as the case may be, shall receive notice of the meeting and have a right to attend and be heard at the meeting.
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**Quorum**

A majority of Committee members constitutes quorum.

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**Role of the Chair**

The Committee Chair presides at all meetings of the Committee. In the Committee Chair's absence, a Committee member determined by the

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<sup>3</sup> The Chief Internal Auditor is the Vice-President, Chief Internal Auditor.  
Revised September 2021

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Committee Chair presides at the meeting. In the absence of such a determination, the Committee will elect an Acting Chair.

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**Agenda**

The Committee Chair, in consultation with the CPO and other resources, develops a twelve month Rolling Agenda and an agenda for each Committee meeting.

The meeting agenda and supporting materials are made available to each member of the Committee in advance of each meeting of the Committee.

The agenda of each meeting shall include provision for an *in camera* session.

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**Minutes**

Minutes are kept of all meetings of the Committee and shall be maintained by the Assistant Corporate Secretary.

Draft minutes are prepared by the Assistant Corporate Secretary for review by the Committee Chair and the CPO.

Minutes are approved by the Committee and are provided to the Board.

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## 5. Resources

**Authority**

The Committee may:

- Engage internal and external resources as needed to assist in the execution of its responsibilities.
- Invite to its meetings any director, member of management, and other persons it deems appropriate in order to carry out its responsibilities, and may exclude from its meetings any persons it deems inappropriate in order to carry out its responsibilities.
- Initiate an investigation as required, and report findings and recommend appropriate remedies to the Board as necessary.
- Request a special meeting of the Board if any matter brought to the Committee's attention requires such action.

The Committee pre-approves any services provided to Coast Capital or its subsidiaries by a compensation consultant engaged by the Committee.

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**Lead Executive**

The Lead Executive to the Committee is the CPO.

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**Other Resources**

Additional resources to the Committee include the CEO, Chief Legal, Regulatory and Corporate Affairs Officer, CRO, CIA, Assistant Corporate Secretary, and other internal resources, as required.

The Committee may engage, under its sole authority, independent counsel, consultants, and advisors, as needed, and has the sole responsibility to the Board for approving the fees, terms and conditions, and termination of any such engagement.

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# 6. Charter Governance

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**Last review date**      September 2021

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