

TERMS OF REFERENCE

A. PURPOSE

The Human Resources and Compensation Committee (the "Committee") is responsible for performing the duties set out in this Terms of Reference to enable the Board of Directors (the "Board") of Concentra Bank (the "Bank") to fulfill its oversight responsibilities in respect of, but not limited to:

- overseeing the design and operation of the compensation program to ensure alignment with strategy, risk appetite, and regulatory requirements;
- all matters relating to the proper utilization of human resources within the Bank, with special focus on CEO and executive management succession, development, performance, and compensation; and
- acting as the Human Resources and Compensation Committee for Concentra Trust.

B. COMMITTEE COMPOSITION AND PROCEDURES

1. Composition

The Committee shall consist of not less than three directors appointed annually by and from the Board, none of whom shall be an employee of the Bank or an affiliate of the Bank. Each Committee member shall be unaffiliated, as determined in accordance with the regulations made under the *Bank Act* (Canada). The majority of the Committee's members shall be independent, as determined by the Independence Standard approved by the Board.

2. Appointment and Removal of Committee Members

Each Committee member and the Chair of the Committee shall be appointed or re-appointed by the non-executive members of the Board on the recommendation of the Governance Committee, following the Annual Meeting of shareholders and shall remain a member until a successor is appointed, unless the member resigns, is removed, or ceases to be a Director. The Board may fill a vacancy in the membership of the Committee.

3. Competencies

Every Committee member shall have an understanding of issues related to human resources, compensation, leadership, and related human resource risk management or related business experience. At least one Committee member shall have the human resource management expertise as defined in the Board's approved Competency Matrix at a level four or five.

4. Quorum

A quorum for conducting business shall be a majority of the Committee's members.

5. Voting

All resolutions coming before the Committee for a decision at a duly constituted meeting shall be decided by a majority of vote of the members present in the meeting. In the case of a tie vote, the Committee Chair shall cast a second vote, causing the motion to succeed or fail.

6. Meetings

The members of the Committee shall hold meetings as required to carry out this Terms of Reference and, in any case, not less than once quarterly. The Chair of the Committee, any two members of the Committee, the Chair of the Board, or the President and Chief Executive Officer may call a meeting of the Committee.

Meetings may be conducted in accordance with the provisions contained in the Bank's Bylaws. The Committee shall dedicate a portion of each regular quarterly meeting, or at such other times as required, to meet on its own without members of management.

7. Notices of Meetings

Notice of the time and place of each meeting will be given in accordance with legal and regulatory requirements, Board policy, and the Bank's Bylaws.

8. Secretary and Minutes

The Corporate Secretary, his or her designate, or any other person the Committee requests shall act as recording secretary at Committee meetings. Minutes of Committee meetings shall be maintained.

9. Access to Management and Outside Advisors

The Committee shall have unrestricted access to management and employees of the Bank. The Committee shall have the authority to retain and terminate external legal counsel, consultants, or other advisors to assist it in fulfilling its responsibilities and to set and pay the compensation for these advisors without obtaining the prior approval of the Board or any Officer of the Bank. The Committee shall ensure its expenditures are reasonable and shall report such expenditures to the Board. The Bank shall provide appropriate funding, as determined by the Committee, for the services of these advisors.

10. Review of Committee Functioning

The Committee shall regularly review and assess the adequacy of its Terms of Reference, evaluate its effectiveness in fulfilling its mandate under this Terms of Reference, and report on the results of its assessment to the Governance Committee.

11. Interface with other Committees

The Committee may meet jointly with the Risk Committee and/or the Audit and Conduct Review Committee, at the discretion of the Chairs of the Committees, to discuss the alignment of the Bank's compensation programs with the Board's approved Risk Appetite Framework and to review associated risks.

12. Reporting

The Committee shall report to the Board following each meeting with respect to its activities and recommendations.

C. DUTIES AND RESPONSIBILITIES

The Committee shall have the duties and responsibilities set out below, as well as any other matters that are specifically delegated to the Committee from time to time by the Board.

1. Corporate Compensation Oversight

The Committee shall oversee Bank's overall corporate compensation, and shall specifically:

- a) annually review the Bank's compensation framework which includes the philosophy, policy, structure, programs, and practices, and shall recommend any material changes for Board approval, ensuring alignment with the Bank's:
 - i. corporate strategy;
 - ii. corporate budget and business plans;
 - iii. human capital strategy;
 - iv. regulatory requirements, including OSFI's Corporate Governance Guideline and the Financial Stability Board Principles for Sound Compensation Practices;
 - v. risk management framework and culture; and
 - vi. competitive environment;
- b) review and recommend to the Board any new compensation, incentive, or pension plans, or any material changes to such plans;
- c) review and recommend to the Board any annual corporate incentive plans and targets (Short Term Incentive Plan) and multi-year incentive plans and targets (Long Term Incentive Plan);
- d) monitor and assess actual corporate performance against short and long term incentive plan targets, and review and recommend to the Board the resultant payout factor and aggregate payments under the Bank's incentive plans, engaging in any consultations that may be required, such as:
 - i. with the Audit Committee on the quality of earnings used to determine such awards;
 - ii. with the Risk Committee and Chief Risk Officer on performance against any risk metrics; and
- e) regularly review and recommend to the Governance Committee the Bank's approach to annual reporting and disclosure in relation to executive compensation.

2. Chief Executive Officer

The Committee shall oversee CEO succession, development, performance, and compensation, and shall specifically:

- a) support the search committee to recommend the appointment of the CEO;
- b) recommend to the Board, if necessary, the termination of the CEO;
- c) review and recommend to the Board any adjustments to the position description for the CEO as outlined in the CEO Role Profile;
- d) review and recommend to the Board the terms of any employment, termination, severance, retirement, or change in control between the Bank and the CEO;
- e) review and recommend to the Board the total compensation of the CEO, including any material benefits and perquisites, incentive plan payments, or other special payments;
- f) review and recommend to the Board the CEO's performance goals and objectives and monitor and evaluate the CEO's performance in light of those goals and objectives through a quarterly evaluation process approved by the Board; and
- g) annually review succession planning, including emergency preparedness planning, for the CEO and make recommendations concerning such plans to the Board.

3. Executive Management and Heads of Oversight Functions

The Committee shall oversee the succession, performance, and compensation of the Bank's executive management ("Executives") and the heads of Oversight Functions, and shall specifically:

- a) review and approve the appointment or termination of Executives, based on the recommendation of the CEO and other committees as appropriate;
- b) review and approve, jointly with the Audit and Conduct Review Committee, the appointment or removal of the Chief Financial Officer ("CFO") and the Chief Internal Auditor (the "CIA") and, jointly with the Risk Committee, the appointment or removal of the Chief Risk Officer (the "CRO"), Chief Compliance Officer ("CCO"), and Chief Anti-Money Laundering Officer ("CAMLO") (collectively, the "heads of Oversight Functions");
- c) review and approve standardized contract provisions between the Bank and Executives, including terms of employment, termination, severance, retirement, and change in control and approve any exceptions to the standard contract provisions;
- d) Review and approve the total compensation of the Executives and heads of Oversight Functions, as recommended by the CEO, including any material benefits and perquisites, incentive plan payments, or other special payments, and review and recommend to the Board any grants of awards under the Long-Term Incentive Plan, as applicable;
- e) review and discuss the annual performance assessments of the Executives and heads of Oversight Functions, as made by the CEO with input of other committees as appropriate;

- f) review and discuss succession plans for the Executives and heads of Oversight Functions, including review of leadership development plans; and
- g) review the Executive organizational structure to ensure it aligns with strategic objectives and succession planning requirements, and discuss any material changes contemplated by the CEO prior to implementation.

4. Risk Oversight and Regulatory Compliance

The Committee shall oversee compensation and human resource risks and compliance, and shall specifically:

- a) annually review the outcomes of the Bank's compensation plans to assess whether the programs are operating as intended and receive reporting from the Chief Risk Officer in order to review:
 - i. the alignment of material compensation programs with the Bank's risk appetite and compliance with the Bank's compensation policies;
 - ii. the results of stress testing the Bank's incentive plans and other variable compensation programs;
 - iii. any current or future risks relating to compensation programs, and the effectiveness of any controls or mitigation plans;
 - iv. the independence of oversight functions as it relates to the design of the Bank's compensation programs; and
- b) review management's assessment of the Bank's significant human resource risks, and satisfy itself that they are appropriately identified, assessed, and managed within the Bank.

5. Pension Funds and Pension Plans

The Committee shall oversee the administration of the Bank's pension plans through annually reviewing reports focusing on the performance, funded status and other relevant issues relating to the effective design, governance and performance of the Bank's Registered Pension Plan and Supplemental Executive Retirement Plan.

6. Culture and Organizational Health

The Committee shall oversee the Bank's culture to ensure a strong linkage with corporate strategy and shall regularly monitor the Bank's overall organizational health, including culture, engagement, diversity, and other key indicators.

7. Corporate Policies

The Committee shall review and recommend to the Board for approval the corporate policies under the jurisdiction of the Committee to manage, including:

- a) Human Resources Corporate Policy; and
- b) Compensation Framework.

The Committees shall also review exceptions to corporate policies within its jurisdiction and ensure that remedial action plans are in place to remedy the potential non-compliance.

D. RESOURCES

The President/Chief Executive Officer shall appoint internal resources as required to the Committee.