



Director Remuneration Policy and Expense Guideline (ATB Financial)

August 2023



1.0 INTRODUCTION

This *Directors Remuneration Policy and Expense Guideline (Remuneration Policy)* identifies key principles for the payment of remuneration for the Board of Directors of ATB Financial (the **Board**) and reimbursement of expenses incurred by Directors.

2.0 SCOPE OF APPLICATION

2.1 **Basis for Policy Requirement**

The Board plays a vital role in overseeing ATB Financial's strategic priorities and objectives and in providing oversight and supervision of the management of the business and affairs of ATB Financial (**Board Activities**). Appropriate remuneration for services performed by the Board is part of good governance practices and must reflect the importance and professional nature of Board work, and attract and retain qualified individuals.

Directors add further value to ATB Financial beyond their Board Activities through their support and, or advancement of ATB's interests, which may include business development, team member engagement, stakeholder engagement, industry involvement and personal development (**Additional Director Activities**). As directed by the President of Treasury Board and Minister of Finance, Directors are compensated for Additional Director Activities; this compensation is reflected in a separate agreement with ATB (**Director Compensation**).

The establishment of guidelines for the reimbursement of expenses by the Board and its Directors promotes accountability and transparency.

2.2 **Objectives**

This policy is intended to identify how ATB Financial ensures compliance with legal requirements and promotes accountability and transparency in remunerating the Board, compensating the Directors and the reimbursement of Board related expenses. The Board, through the approval of this Remuneration Policy, directs management to develop appropriate procedures to enable ATB Financial to maintain compliance with applicable remuneration requirements for the Board, compensation for Directors, and the reimbursement of expenses which the Board is ultimately responsible for complying with.



2.3 Elements Supporting Scope

ATB Financial is subject to the *ATB Financial Act* and Regulation. Order in Council 69/2004, as may be amended or replaced from time to time (Remuneration O.C.), fixes the Board Remuneration for Board Activities. In serving on the Board, Directors must meet their fiduciary duties, and must exercise the duty of care expected of Directors. ATB Financial is a complex, commercial enterprise, with a mandate to operate as a competitive financial institution in delivering financial services. Board Remuneration recognizes Directors for performing Board Activities by exercising their fiduciary responsibilities and for meeting their duty of care as expected.

POLICY FRAMEWORK

2.4 Definitions

Board Business Meeting means a gathering of two or more individuals, at least one of whom is a Director and has the purpose of conducting the business of the Board. Appendix "A" contains a non-exclusive list of meetings and events that are Board Business Meetings for the purposes of the Remuneration Policy.

For the purposes of the definition of Board Business Meeting, attendance may be in-person or remotely, such as via video-conference or teleconference.

Board Meeting means a meeting of the Board that has been convened in accordance with ATB Financial's By-Law No. 1 (**By-Law No. 1**) which is attended by a Director. A Board Meeting includes a meeting convened for strategic and or planning purposes.

Board Remuneration is set by the Remuneration O.C. and includes a Director's annual retainer, any additional annual retainer and fees for Meetings of the Board, Board Business Meetings, Committee Meetings, and Deemed Committee Meetings. Board Remuneration does NOT include reimbursement of expenses incurred by a Director in performance of their duties as a Director of ATB Financial, nor does it include Director Compensation.

CEO means the President & Chief Executive Officer of ATB.



Committee Meeting means a meeting of a Committee of the Board that has been convened in accordance with By-Law No. 1 which is attended by a Director as a member (including ex-officio) of the Committee, at the request of the Chair of the Committee, or as part of their professional development. A Committee Meeting includes a meeting where, at the request of the Chair of a Committee and with the approval of the Chair of the Board, a Director is conducting the business of the Board in connection with the responsibilities delegated to that Committee (**Deemed Committee Meeting**).

Corporate Secretary means the individual whose role includes the function of corporate secretary or their delegate.

Director means an individual appointed to the Board and whose appointment remains in effect.

2.5 Policy Principles

The Remuneration Policy is based upon the following principles:

1. **Accountability** – ATB Financial is accountable to ensure that its funds used for Board Remuneration and reimbursement of Board related expenses are used prudently and responsibly. Board Remuneration and board related expenses must support the work of the Board.
2. **Transparency** – ATB Financial is transparent about how its funds are used. Board Remuneration should be paid and Board related expenses should be incurred and claimed in a manner that will not harm ATB Financial's reputation as a good manager of its resources. The rules for payment of Board Remuneration and reimbursing expenses are clear, easily understood and available to the public;
3. **Value for Money** –ATB Financial funds are to be used prudently and responsibly. Director related expenses must be reasonable with due regard for the objectives of the Board Activities or Additional Director Activities; and
4. **Fairness** – ATB Financial pays Board Remuneration and reimburses legitimate expenses incurred in conducting business on behalf of ATB Financial and ensures a fair and consistent treatment of Directors who are required to incur business expenses in relation to Board Activities or Additional Director Activities.

2.6 Annual Retainer

Each Director shall be paid an annual retainer as fixed by Schedule 1 of the Remuneration O.C. (**Annual Retainer**). The Annual Retainer is payable to a Director to



secure and maintain overall board service by the Director. Payment by ATB Financial of the Annual Retainer shall be quarterly, in arrears.

2.7 Additional Retainer - Chair

The Chair of the Board shall be paid an additional Annual Retainer as fixed by Schedule 1 of the Remuneration O.C. The additional Annual Retainer is payable to the Chair of the Board in recognition of the additional service and responsibility undertaken by the Chair of the Board. Payment by ATB Financial of the Chair's additional Annual Retainer shall be quarterly, in arrears.

2.8 Additional Retainer – Chair of Committee

The Chair of any Committee shall be paid an additional Annual Retainer as fixed by Schedule 1 of the Remuneration O.C. The additional Annual Retainer is payable to the Chair of a Committee in recognition of the additional service and responsibility undertaken by the Chair of such Committee. Payment by ATB Financial of the additional Annual Retainer shall be quarterly, in arrears.

2.9 Board Meeting

Each Director who participates in a Board Meeting shall be paid a fee as fixed by Schedule 1 of the Remuneration O.C. (**Board Meeting Fee**) no matter the duration of the Board Meeting.

2.10 Meeting Preparation

By Resolution of the Board dated May 2002, and as agreed by the Minister of Finance and Enterprise, each Director may, in addition to the Board Meeting Fee, be compensated at a rate of \$700.00 per day as a deemed meeting for preparation, travel and related down time when attending a Board Meeting (**Deemed Board Meeting Fee**). Appendix "A" contains a non-exclusive list of examples of circumstances where a Director will be paid a Deemed Board Meeting Fee.

2.11 Committee Meeting

Each Director who participates in a Committee Meeting, including a Deemed Committee Meeting, shall be paid a fee as fixed by Schedule 1 of the Remuneration O.C. (**Committee Meeting Fee**) no matter the duration of the Committee Meeting.



2.12 Board Business Meeting

Each Director who participates in a Board Business Meeting shall be paid a fee equal to a Board or Committee Meeting Fee, as determined by the nature of the meeting (e.g. committee chair agenda review would be considered committee business).

2.13 Ineligible

Board Remuneration or expenses shall not be paid in relation to the following activities:

- attending seminars, meetings and conferences (except for those specifically addressing governance and board training issues, and for those areas of particular interest and benefit to ATB Financial where, in the opinion of the Chair of the Board or the Chair of the Governance and Conduct Review Committee, the benefits to attend warrant a fee be paid);
- voluntary attendance at an event where the Director has not been requested by the Chair of the Board or the CEO to attend as an official representative of the Board of ATB Financial; and
- secondary or informal contacts between Directors and, or team members of ATB Financial.

2.14 Honorarium

The Chair of the Board or the Corporate Secretary may approve an honorarium be paid to a Director where the Director has undertaken significant additional service and responsibility on behalf of the Board or a Committee. The honorarium shall not exceed the additional Annual Retainer that a Chair of any Committee would receive.

2.15 Expenses

All reasonable expenses incurred by the Board and by a Director in performance of their duties as a Director, its subsidiary corporations or other corporations in which ATB Financial has an ownership interest are eligible for reimbursement in accordance with the Expense Guidelines for the Board and Directors, attached as an appendix to this Policy.

3.0 ROLES AND RESPONSIBILITIES

3.1 Board of Directors

The Governance and Conduct Review Committee (**Governance Committee**) shall approve the Remuneration Policy and any changes to it, comply with the principles in



this Policy and ensure successful implementation of this Policy. The Governance Committee may delegate certain administrative processes to ensure compliance.

3.2 Directors

Each Director shall:

- comply with the principles in this Remuneration Policy;
- if unclear about how to deal with remuneration, ask for advice from the Chair of the Governance Committee, or the Corporate Secretary; and
- report any actual or potential breach of the Remuneration Policy to the Chief Legal and Sustainability Officer & Corporate Secretary or the Chair of the Governance Committee as they become aware of it.

3.3 Governance and Conduct Review Committee

The Governance Committee shall:

- approve any changes to the Remuneration Policy; and
- review any reports from the Chair of the Governance Committee on any actual or potential breach of the Remuneration Policy.

3.4 Chair of the Board of Directors

The Chair of the Board shall:

- provide advice to the Board and Directors on Board Remuneration; and
- receive from the Chief Legal and Sustainability Officer & Corporate Secretary reports of any actual or potential breach of the Remuneration Policy by the Chair of the Governance Committee.

3.5 Chair of the Governance Committee

The Chair of the Governance Committee shall:

- receive from the Chief Legal and Sustainability Officer & Corporate Secretary reports of any actual or potential breach of the Remuneration Policy by the Board or the Directors (except the Chair of the Governance Committee), and escalate any issues related thereto to the Governance Committee if necessary.



3.6 **Chief Legal and Sustainability Officer & Corporate Secretary**

- The Corporate Secretary, or its delegate, shall provide support with respect to this Policy, including reporting on Board Remuneration paid to Directors;
- The Corporate Secretary, or its delegate, shall provide advice to the Board and Directors on how to deal with Board Remuneration and expenses; and
- The Chief Legal and Sustainability Officer & Corporate Secretary shall, in accordance with this Policy, report any actual or potential breach of this Policy by the Board or the Directors.

4.0 POLICY GOVERNANCE

4.1 **Policy Implementation**

This Remuneration Policy shall become immediately effective upon its approval by the Governance Committee.

4.2 **Review Cycle**

The Governance Committee shall review this Policy every third year from the date of its approval or within 12 months of any rescission or amendment to the Remuneration O.C.

Description of Action	Date
Approved by Governance and Conduct Review Committee	August, 2023

Appendices:

- Appendix A: Sample Meeting and Fee List
- Appendix B: Expense Guidelines for Directors
- Appendix C: Director's Expense Claim Form

_____"Rob Logan"_____

Robert Logan

Chair of the Governance and Conduct Review Committee



Appendix "A"

Board Business Meetings

A Board Business Meeting could include the following:

- meeting with the Minister of Finance, or their representative as an official representative of the Board of ATB Financial;
- meeting where attendance is requested by the Chair of the Board of Directors (the **Chair of the Board**) or by the ATB Financial CEO (or their delegate) for attending ATB Financial sponsored functions as an official representative of the Board of ATB Financial;
- meeting where attendance is required to meet with any external auditors, regulators, accountants, legal counsel or other similar advisor to review or discuss the business of the Board;
- orientation of new Directors;
- meeting where attendance is requested by the Chair of the Board, or as part of a Director's professional development, for attending seminars, courses, meetings and conferences addressing governance and board training issues, and for those areas of particular interest and benefit to ATB Financial where, in the opinion of the Chair of the Board, the benefits to attend warrant a fee be paid, and provided the Director shares the highlights and benefits of said seminar, course, meeting or conference;
- Meetings of special or ad hoc committees, e.g. CEO Selection Committee or Board Member Selection Committee, New Director search interviews;
- Attendance at Committee or subsidiary board meetings at the request of the applicable chair;
- ATB's Annual Public Meeting;
- ATB Financial Executive Meetings, at the request of the CEO or Chair;
- Meetings with ATB Financial executives in preparation for Board Meetings or Board Business Meetings, including:
 - Agenda preparation meetings
 - Audit/ Risk Committee Chair meeting with VP Internal Assurance in preparation for quarterly Committee meetings

Deemed Board Meeting Fee

The following is a non-exclusive sample of circumstances where a Deemed Board Meeting Fee would be payable to a Director:

- A day of travel and attendance at an informal dinner would constitute one Deemed Board Meeting
- A day including preparation and review of materials for committee and, or board meetings, or board business meetings would constitute one Deemed Board Meeting
- A day of travel to or from the President's League retreat would each constitute one Deemed Board Meeting



Appendix "B"

EXPENSE GUIDELINE FOR THE BOARD AND DIRECTORS

1.0 SCOPE OF APPLICATION

This Expense Guideline:

1. Sets out the principles for the reimbursement of expenses incurred by the Board and its members in their performance of service of the Board of ATB Financial, its subsidiary corporations or other corporations in which ATB Financial has an ownership interest (collectively **ATB Financial**);
2. Provides a framework of accountability to guide the effective oversight of ATB Financial resources in reimbursement of Board and Director expenses; and
3. Describes how Board related expenses may be reasonably incurred on behalf of ATB Financial and how a Director may be reimbursed for such expenses incurred by them.

The Board and each Director are expected to follow this Expense Guideline.

2.0 PRINCIPLES

This Expense Guideline is based upon the principles set out in the Remuneration Policy.

3.0 PURPOSE

The establishment of this Expense Guideline by the Board promotes accountability and transparency. This Expense Guideline is intended to prescribe a clear process by which Board expenses may be incurred on behalf of ATB Financial and by which a Director is reimbursed for expenses incurred by them.

4.0 FRAMEWORK

4.1 Definitions

This Expense Guideline incorporates definitions as set out in the Director's Remuneration Policy.

4.2 Scope

Expenses of a Director are eligible for reimbursement in circumstances where the Board or that Director is engaged in either Board Activities or Additional Director Activities, as applicable.

4.3 Appropriateness

Expenses must directly relate to the conduct of business of the Board or the Additional Director Activities and may include:

- a) transportation to and from a Director's principal residence to the meeting location, and between Meeting locations by:
 - personal vehicle paid at the current ATB Financial mileage rate for team members;
 - rental vehicle where cost effective to do so;
 - taxi, airport shuttle bus, or similar transportation;



- air, using economy class airfare. Business class airfare may be used if economy class and alternate flights are not available, if travel time is 4 hours or longer, or to accommodate physical limitations. Discount or advance booking should be used when available;
- b) parking costs;
- c) accommodation (single) to attend Meetings in any hotel offering a reasonable rate (see section 4.4 on "Reasonableness");
- d) reasonable expenses for meals while attending Board Activities or Additional Director Activities (see section 4.4 on "Reasonableness");
- e) telecommunication and internet costs, office supplies, and other incidental or "out of pocket" expenses incurred by the Board or a Director in relation to the participation in Board Activities or Additional Director Activities;
- f) hosting/gifts, on an occasional basis and a modest amount, as a mechanism for obtaining or maintaining additional business, to promote a positive relationship with new and existing clients, to enhance the public image of ATB Financial, to foster Board relations, or to recognize an associate of ATB Financial for significant contribution or achievement; and
- g) tuition or fees for seminars, courses, meetings and conferences addressing professional development, governance and board training issues, or as approved by the Chair of the Board or the Chair of the Governance and Conduct Review Committee to an annual limit per Director of \$5,000.00 including related expenses.

Note: Directors are encouraged to use ATB Financial's travel partner for assistance in booking air travel and reserving accommodations.

4.4 Reasonableness

Expenses must be consistent with the values and practices of ATB Financial and not perceived as excessive. Expenses that are incurred by a Director for both ATB Financial's and other personal or business purposes of the Director should be allocated fairly between both.

4.5 Process

To be eligible for reimbursement:

- a) expenses claimed must be for expenditures actually made, or kilometers actually driven;
- b) receipts for expenditures of \$50.00 or greater must be provided; and
- c) expense claims must be submitted to the ATB Corporate Secretariat at ATBCorporateSecretary@atb.com, quarterly and within a reasonable period of time.

Note: Directors must use the Director's Expense Claim form attached.

4.6 Eligibility Determination

A Director may seek advice from the Chair of the Board or the Corporate Secretary regarding eligibility for reimbursement before a claim is submitted.



Appendix "C"
DIRECTOR'S EXPENSE CLAIM FORM