

# *Director Remuneration Policy and Expense Guideline (ATB Financial)*

*August 2019*

## 1.0 INTRODUCTION

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

## 2.0 SCOPE OF APPLICATION

### 2.1 Basis for Policy Requirement

The Board and the Directors play a vital role in advancing ATB Financial's strategic priorities and objectives and in providing oversight and supervision of the management of the business and affairs of ATB Financial. Appropriate remuneration for services performed by Directors is part of good governance practices. Remuneration must reflect the importance and professional nature of Board work, and attract and retain qualified individuals. 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 related to remunerating the Directors, and more generally, to promote accountability and transparency in remunerating the Directors and 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 and expense requirements which the Board is ultimately responsible for complying with.

### 2.3 Elements Supporting Scope

ATB Financial, as a Crown Corporation, is subject to the *ATB Financial Act* and Regulation, Order in Council 69/2004 Fixing the Remuneration of the Board, as may be amended or replaced from time to time (the **Remuneration O.C.**) and the *Alberta Public Agencies Governance Act*. While there is an underlying recognition that service on the Board of a Crown corporation entails an element of public service, remuneration must take into consideration the nature of service, complexity of tasks, visibility of the role, time commitment and risk.

This Policy operates concurrently with the ATB Investor Services Director's Remuneration Policy which establishes the principles for remuneration of ATB Investor Services Directors. If, as it pertains to directors of ATB Financial, there is any inconsistency with the terms of this Policy and the ATB Investor Services Director's Remuneration Policy, this Policy prevails.

## 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 or advancing the business of ATB Financial. A Board Business Meeting includes the following:

- o where attendance is required by the Minister of Finance, or their representative;
- o where attendance is requested by the Chair of the Board of Directors (the **Chair of the Board**) or by the ATB Financial CEO (or his/her delegate) for attending ATB Financial sponsored functions as an official representative of ATB Financial;
- o 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 or advance the business of ATB Financial;
- o orientation of new Directors; and
- o 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.

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

Appendix "A" contains a non-exclusive list of meetings and events that are Board Business Meetings for the purposes of the Remuneration Policy.

**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**). A Board Meeting includes a meeting convened for strategic and or planning purposes.

**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 who is a member (including ex-officio) of the Committee or, if not a member, has been requested to attend the meeting by the Chair of the Committee. 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**).

**Remuneration** includes a Director's annual retainer, any additional annual retainer and fees for Meetings of the Board, Meetings of a Committee and Board Business Meetings. Remuneration does NOT include reimbursement of expenses

incurred by a Director in performance of their duties as a Director of ATB Financial.

## **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 remuneration of Directors and reimbursement of Board related expenses are used prudently and responsibly. All remuneration and expenses must support business objectives;
2. **Transparency** – ATB Financial is transparent about how its funds are used. Remuneration should be paid and 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 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. Remuneration and expenses must be necessary and economical with due regard for health and safety; and
4. **Fairness** – ATB Financial pays remuneration and reimburses legitimate expenses incurred in conducting business on behalf of ATB Financial and ensures a fair and consistent treatment of the Board and Directors who are required to incur business expenses or conduct business on behalf of the Board.

## **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 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, in person, a Board Meeting (**Deemed Board Meeting Fee**). A Director is restricted to a maximum of not more than eight Deemed Meeting Board Fee payments per fiscal year. Appendix "A" contains a non-exclusive list of examples of circumstances where a Director is entitled to 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 Meeting Fee except where such Board Business Meeting occurs on a day where there is a Board Meeting or a Committee Meeting.

#### **2.13 Ineligible**

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 ATB Financial; and
- secondary or informal contacts between Directors and, or team members of ATB Financial.

Directors are also ineligible to be reimbursed for expenses for attending information sessions other than in person.

#### **2.14 Honorarium**

The Chair of the Board or the General Counsel, SVP Corporate Operations & 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 his or her duties as a director of ATB Financial, 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 General Counsel, SVP Corporate Operations & Corporate Secretary; and
- report any actual or potential breach of the Remuneration Policy to the General Counsel, SVP Corporate Operations & Corporate Secretary or the Chair of the Board 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 remuneration; and
- receive from the General Counsel, SVP Corporate Operations & 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 General Counsel, SVP Corporate Operations & 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 General Counsel, Senior Vice President Corporate Operations & Corporate Secretary**

The General Counsel, Senior Vice President Corporate Operations & Corporate Secretary shall:

- provide support with respect to this Policy, including reporting on remuneration paid to Directors;
- provide advice to the Board and Directors on how to deal with remuneration and expenses; and
- 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.

<b>Description of Action</b>	<b>Date</b>
Approved by Governance and Conduct Review Committee	August, 2019

### **Appendices:**

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

"Diane Pettie" \_\_\_\_\_

Diane Pettie

Chair of the Governance and Conduct  
Review Committee

## Appendix "A"

### Board Business Meetings

- Meetings of special or ad hoc committees, e.g. CEO Selection Committee or Board Member Selection Committee
- Strategy Presentation Meeting for the Minister
- Area of Expertise (AOE) or Strategic Support Unit (SSU) meetings or events by invitation of the Chair, the CEO or head of the AOE or SSU, including:
  - Iron Roster
  - Internal Assurance Annual General Meeting
  - Brand Annual General Meeting
- Attendance at Committee or subsidiary board meetings at the request of the applicable chair
- Customer or team member receptions, where requested by the Chair or the CEO
- Annual Public Meeting
- ATB Financial Executive Meetings, at the request of the CEO or Chair
- President's League retreat
- Meetings with ATB Financial executives in preparation for Board Meetings or Board Business Meetings, including:
  - Audit Committee Chair meeting with VP Internal Assurance in preparation for quarterly Audit Committee meeting
  - Risk Committee Chair meeting with Chief Risk Officer in preparation for quarterly Risk Committee meeting
- Meetings with external auditors or regulators at the request of the auditors, the Chair or the CEO
- Strategy Presentation Meeting with the Minister

### 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 (up to a maximum of eight per year):

- 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 him or her.

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 him or her.

### **4.0 FRAMEWORK**

#### **4.1 Definitions**

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

#### **4.2 Scope**

Expenses are eligible for reimbursement in circumstances where the Board or a Director is conducting the business of the Board or advancing the interests of ATB Financial and include:

- Board Meetings;
- Committee Meetings; and
- Board Business Meetings or retreats.

(collectively, “Meetings”).

#### **4.3 Appropriateness**

Expenses must relate directly to conducting the business of the Board or advancing the interests of the ATB Financial and include:

- a) transportation to and from, and between Meeting locations by:

- personal vehicle of \$0.54 per km travelled, to a maximum of 5,000 km per annum, and at the rate of \$0.48 per km thereafter;
  - 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 corporate or government rate (or other discount off the “rack rate”);
  - d) meals while attending Meetings, if not already included or provided by ATB Financial;
  - e) telecommunication and internet costs, office supplies, and other incidental or “out of pocket” expenses incurred by the Board or a Director;
  - 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 customers, 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](mailto: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 General Counsel, SVP Corporate Operations & Corporate Secretary regarding eligibility for reimbursement before a claim is submitted.



**Appendix "C"**  
**DIRECTOR'S EXPENSE CLAIM FORM**