

# **Heritage Land Bank, ACA**

## **Compensation Committee Charter**

APPROVED: OCTOBER 2019  
NEXT REVIEW: OCTOBER 2020

### **PURPOSE**

The Compensation Committee is a committee of the Board of Directors of Heritage Land Bank (“Association”). This committee is established to comply with FCA Regulations 620.31, BL-060 and IM 2/23/2009. The role of the committee shall be to establish, review and approve the Association’s total compensation philosophy, including the benefit programs; oversee the development and utilization of appropriate policies and programs to attract, retain, incent and reward high performing individuals; monitor executive development practices in order to ensure succession alternatives for the organization; evaluate the performance of the Chief Executive Officer. The committee is to remain accountable, and report only to the Heritage Land Bank Board of Directors (the “Board”) its recommendations and observations with respect to the foregoing, and with respect to the specific duties set forth below.

### **RESOURCES**

The Committee shall be provided with whatever monetary and nonmonetary resources it needs to fulfill its responsibilities and have the authorities outlined below. The committee will have direct access to any advisers that management uses on compensation programs or practices. The committee will have easy and ready access to institution resources and personnel, particularly senior officers and managers with human resources responsibilities, to obtain needed information and gain the best overall understanding of the compensation program.

### **AUTHORITY**

The Compensation Committee will have the authority to:

- Hire, retain, and terminate at the expense of the Association, such outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions or responsibilities. These professionals will work directly for, and report directly to, the committee and be independent of senior management.
- Retain and terminate any compensation consultant used to assist the committee in the evaluation of director, CEO or employee compensation, and have direct access to any advisers that management uses on compensation programs or practices,
- Approve the consultant’s fees and other retention terms,
- Resolve any compensation disagreements between management and employees.
- Call upon the association for monetary and nonmonetary resources to enable the committee to function.
- Review and recommend changes when necessary and approve Compensation and Human Resources related Association policies.

## **COMPOSITION**

- The compensation committee will consist of a minimum of three (3) or more members of the Board of Directors, to include the Chairman and Vice Chairman.
- Only Directors are eligible to be members of the Committee.
- Every member must be free from any relationship that, in the opinion of the board, would interfere with the exercise of independent judgment as a committee member.
- Annually, the Chairman of the Board of Directors will appoint all committee members and the Vice Chairman of the Board will preside as the committee chair.
- The Committee Chairman shall serve as the key contact person with the board and senior management.
- All Committee members will serve until their successors shall be duly selected and qualified.
- The Board, upon recommendation of the Committee or otherwise, may remove any Committee member at any time.

## **MEETINGS**

The committee will meet a minimum of four times a year or as often as may be deemed necessary or appropriate, in its judgment. All committee members are expected to attend each meeting, in person or via tele- or video-conference. The committee will invite members of management, consultants or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared by the Chairman and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and approved at the next meeting. The committee must maintain records of meetings, including attendance, for at least 3 fiscal years.

The Committee shall meet in executive session at each meeting in order to discuss critical issues without members of management being present. The Committee shall reserve for such session all matters it determines should be discussed/voted on in executive session, including matters that may be required by FCA regulations.

## **MINUTES**

Actions taken and/or issues discussed at each meeting will be reported to the full board. Minutes will be prepared and submitted to the committee for review and approval. Per FCA Reg. 651.50, minutes and record of attendance must be retained for a minimum of 3 years.

## **RESPONSIBILITIES**

The committee is expected to communicate and collaborate effectively with the chief executive officer. The committee must also communicate regularly with other senior officers so that the flow of information between the committee and management is not impeded. The committee is expected to challenge management and the external advisers on any compensation issue that they do not understand. The committee will report only to the board and carry out the following responsibilities:

1. Determine Association compensation philosophy and oversee the Association's overall compensation structure, policies and programs, and assess whether the Association's compensation structure establishes appropriate incentives for management and employees.

2. Administer and make recommendations to the Board with respect to the Association's base salary and incentive-compensation plans.
3. Review and recommend to the Board corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those goals and objectives,
4. Recommend salary increases for the CEO in line with competitive market levels and CEO performance,
5. Recommend training and development for the CEO,
6. Recommend the design and amendments of other benefit plans pertaining to officers and employees including pension plans and deferred compensation plans.
7. Review and recommend employment agreements and severance arrangements for senior officers, including change-in-control provisions, plans or agreements.
8. Recommend approval, amendment or modification of the terms of any compensation or benefit plan.
9. Review the compensation of directors for service on the Board and its committees and recommend changes in compensation to the Board including allowable compensation and/or expenses for director travel.
10. Adopt a succession plan for the Chief Executive Officer and periodically review succession plans relating to positions held by other senior officers.
11. Annually evaluate the performance of the compensation committee and the adequacy of the committee's charter.
12. Review and approve the compensation and incentive plan goals of other senior officers based upon the recommendation of the CEO.
13. Recommend approval of long-term variable compensation plans for officers and other employees to the Board.
14. Approve annual adjustments to salary ranges based on external consultant recommendations based on published industry standard adjustments,
15. Recommend the annual adjustments to salary expense,
16. Recommend the amount available for promotions and salary grade adjustments,
17. Review all exceptions to the incentive compensation plan payments.
18. Ensure compensation committee members receive ongoing training from professionals on compensation trends and updates, including the tax, accounting, and legal implications of compensation programs and the long-term financial implications of those programs. Additional training may occur relating to the duties of a board compensation committee.
19. Notify FCA of any material changes in the Association's compensation program and to disclose this information to the Association shareholders in a timely manner.
20. Review the annual disclosure required by FCA regulations related to compensation programs to ensure accurate, comprehensive and understandable disclosures.
21. Review the association's affirmative action plan and diversity planning initiatives.
22. Review and approve CEO Travel Expenses.
23. Regularly review, recommend changes when necessary and approve Compensation and Human Resources related Association policies.
24. Perform such other duties and responsibilities as are consistent with the purpose of the compensation committee and as the Board or the committee deems appropriate.

In accordance with FCA regulation 620.31, in fulfilling its responsibilities, the compensation committee must document that it determined the:

1. Institution's projected long-term compensation and retirement benefit obligations are appropriate to the services performed and not excessive;
2. Incentive-based compensation programs and payments are reasonable and proportionate to the services performed and structured, so the payout schedule considers the potential for future losses or undue risks to the institution;
3. Senior officer compensation, incentive and benefit programs support the institution's long-term business strategy and mission, as well as promote safe and sound business practices; and
4. Compensation programs designed for specific groups of employees, other than senior officers pose no imprudent risks to the institution.

## **REPORTING REQUIREMENTS**

The Compensation Committee is required to remain accountable, and report only to the Board. The Committee Chairman will report on the activities of the Committee to the full Board.