

## **COBANK, ACB AND CoBANK, FCB BOARDS OF DIRECTORS**

### **Compensation and Human Resources Committee Charter**

#### **Overall Objective of the Compensation and Human Resources Committee**

The primary purpose of the Compensation and Human Resources Committee, established by, accountable to, and reporting only to the CoBank, ACB and CoBank, FCB (individually and collectively, the “bank”) boards of directors (individually and collectively, the “board”), is to represent the board in matters related to succession, human capital, and total reward programs for the bank, including salary, incentive and benefits programs, and to facilitate the evaluation of the President and Chief Executive Officer.

#### **Committee Operations**

The Compensation and Human Resources Committee shall consist of at least three board members and a majority of the members shall constitute a quorum. The act of the majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. Each member shall be independent as determined by the objective criteria set forth in the board policy statement on Director Independence, and each member shall be free of any relationship that, in the opinion of the board, would interfere with his or her individual exercise of independent judgment as a committee member. No member of the committee shall accept any consulting, advisory or other compensatory fee from the bank other than in connection with serving on the committee or board.

The committee shall meet as often as it determines, but no less frequently than two times annually. The committee shall meet with bank management present, as it deems necessary, and shall meet regularly without management present as their presence might discourage open discussion among directors or unduly influence decisions. In all cases, management representatives shall not be present at times at which their own performance and compensation are being discussed and determined. The committee shall retain records of its meetings, including attendance, for at least three fiscal years. The committee shall report on its meetings at the next regular meeting of the board. Minutes of each committee meeting will be signed by the committee chair and recording secretary, or any other individual acting in their place at the meeting. Minutes will be available for review by the committee at its next regularly scheduled meeting and shall be available as historical records for reference or review by committee or board members.

Bank management will ensure the availability of staff and financial resources to support the function of the committee. The committee may hire, retain, and terminate external advisers and/or outside legal counsel needed to assist the committee in performing its duties. These external professionals shall work directly for, and report directly to, the committee and be independent of management. Additionally, the committee shall have direct access to any advisers that consult with management on compensation programs or practices, and to bank management and other personnel with human resources responsibilities to obtain information relevant to understanding the compensation program. The committee is encouraged to meet in executive sessions and may

excuse management representatives from any meetings where their presence might discourage open discussion among directors or unduly influence decisions that are within the committee's prerogative.

### **Authority and Responsibility**

The Compensation and Human Resources Committee shall have the following authorities and responsibilities that have been specifically assigned by the board and/or that are required by regulation. From time to time, the board may adjust existing authorities and responsibilities or assign additional authorities and responsibilities on either a continuing or one-time basis.

1. Retain and monitor the services of an independent executive compensation consultant.
2. Act as liaison between board and advisers selected by the committee to provide advice and counsel concerning employee compensation and benefit programs and the director compensation program.
3. Review the impact of compensation and benefit programs on the risk profile of the bank by approving programs that appropriately balance support for the long-term business strategy and mission of the bank, with prudent risk-taking by employees within board-approved parameters, while promoting safe and sound business practices and encouraging an environment of ethical behavior and accountability.
4. Establish and review CoBank's total compensation philosophy for senior officers and employees.
5. Establish and review CoBank's compensation philosophy for directors, and recommend adjustments to retainers and fees, when warranted.
6. Review and approve for recommendation to the board the bank's incentive plans, and monitor ongoing performance of long-term incentive plans.
7. Approve changes to the bank's salary ranges and the merit increase budget.
8. Approve funding for the bank's incentive plans, and evaluate the accomplishment of Flywheel Strategic Business Objectives, including a determination that the plans and payouts are not excessive and are reasonable and proportionate to the services performed, and that the plans are structured so the payout schedule considers the potential for future losses or undue risks to the institution.
9. Recommend procedures to the board for establishing performance standards and measures for the President and Chief Executive Officer.

10. Review and recommend to the board approval of all compensation actions for the President and Chief Executive Officer, including any employment and severance agreements.
11. Review and approve any other executive employment and severance agreements.
12. Review CoBank's overall benefit package, including long-term funding of benefit programs, and recommend approval of substantive changes to the board.
13. Review funding for the bank's retirement plans, including a determination that the obligations are appropriate to the services performed, and are not excessive.
14. Review the qualified benefit plans administered by the Retirement Trust Committee and the nonqualified executive compensation programs administered by the Nonqualified Plan Committee, and recommend substantive changes to the board for approval, if necessary.
15. Review the bank's human capital, talent management and succession plans, including ownership of succession planning process for the position of President and Chief Executive Officer.
16. Review and recommend to the board for approval the bank's compensation disclosure and analysis.
17. Review reports from the outside auditor on the bank's compliance with the compensation and incentive programs.
18. Review the results of the bank's Affirmative Action Program and human equity initiatives.
19. Review an annual report on safety of the Bank's employees and facilities.
20. Conduct a periodic self-evaluation of the committee's performance.
21. Conduct an annual evaluation of advisers to the committee who provide services in a capacity other than on an ad hoc basis, including an assessment and assurance of objectivity and independence from management and directors, consistent with best practices such as those required by the U.S. Securities and Exchange commission.
22. Review and recommend changes to board policies related to committee's areas of responsibility including compensation and human resources topics.
23. Review and assess the adequacy of this Charter periodically and recommend any proposed changes to the board for approval.