



Butterfield

TOR(Charter): COMPENSATION & HUMAN RESOURCES COMMITTEE
APPROVED BY: Board of Directors
APPROVAL DATE: 23 July 2018
EFFECTIVE DATE: 23 July 2018
PREVIOUS UPDATES: 25 July 2017, 25 July 2016, 22 February 2011
SCOPE: Butterfield Group
TOR(CHARTER) SPONSOR: Group Head of Human Resources
NEXT REVIEW DATE: July 2019

Mandate

The Compensation & Human Resources Committee (the “**Committee**”) on behalf of the Board of Directors (the “**Board**”) of The Bank of N.T. Butterfield & Son Limited (the “**Company**”) determines the compensation for Executive Committee members of the Company and its subsidiaries (collectively, the “**Group**”), as well as overall employee compensation programmes, the levels and degrees of participation in incentive compensation programmes, including bonuses or equity-based incentive plans, and oversees management’s progress in employee development, relations and succession.

1. Committee Members, Quorum and Alternates

- 1.1 The Committee shall consist of a minimum of three independent directors.
- 1.2 Members of the Committee shall be appointed by and replaced by the Board, and shall hold office until their successors are appointed or until they cease to be directors of the Company.
- 1.3 The Board shall appoint the Committee Chairman, and may appoint a Deputy Chairman.
- 1.4 A majority of the members of the Committee shall constitute a quorum. If a quorum cannot be obtained, the Board Chairman has the option to appoint another independent director who shall have full voting rights.
- 1.5 Alternates for Committee members will not be accepted (except as provided in 1.4 above).
- 1.6 The Committee shall appoint the Committee Secretary, who will not be a voting member of the Committee.
- 1.7 A Committee member may resign by giving written notice to the Board and may resign Committee membership without resigning from the Board.
- 1.8 The Committee may delegate authority to individuals or sub-committees when it deems appropriate.



2. Committee Proceedings

- 2.1 The Committee Chairman shall chair the meeting; however, in his or her absence, one of the other Committee members shall be chosen by the Committee to preside.
- 2.2 The Committee may invite or require other persons to attend meetings where appropriate to assist the Committee in fulfilling its duties. The Committee regularly meets in executive session, without management present. The CEO does not attend any meeting where the CEO's performance is discussed, unless specifically requested by the Committee.
- 2.3 Meetings of the Committee shall be called by the Committee Secretary at the request of the Chairman or any two members of the Committee with at least three business days' notice being given, where practical.
- 2.4 Committee meetings shall be held at least three times per year, at a time and place determined by the Committee Chairman, with further meetings to occur, or actions be taken by unanimous written consent, when deemed necessary or desirable by the Committee of the Committee Chairman. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.
- 2.5 The appointed Committee Secretary will produce accurate summary Minutes of its proceedings in draft form to the Committee members within ten business days of any meeting, and shall, at the direction of the Committee Chairman, promptly distribute to Committee members after each meeting a report summarizing the key matters discussed and resolved at such meeting. Approved copies of such Minutes and reports are to be provided to the Secretary of the Board.
- 2.6 The Committee Chairman or designate will provide regular updates to the Board.
- 2.7 The Committee will evaluate its performance on an annual basis, and will evaluate its compliance with the Committee's Terms of Reference on an annual basis.
- 2.8 The Committee will review the Committee's Terms of Reference on an annual basis.

3. Principal Duties

On behalf of the Board the Committee will:

- 3.1 Ensure that fair and effective executive compensation practices are implemented in the Group, consistent with the Group's culture, long-term objectives, strategy and control environment;



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- 3.2 Annually evaluate the CEO's performance.
- 3.3 Annually approve the overall compensation packages (including annual base salaries, incentive bonus plan opportunities, equity-based incentive opportunities and other executive benefits) of Group Executive Committee members;
- 3.4 Periodically and when appropriate, review and approve changes to employee compensation programs, in respect of employees;
- 3.5 Periodically and when appropriate, review and approve the general criteria and design of the Group's incentive bonus plans; and the calculation of the annual payout amounts under such plans;
- 3.6 Periodically and when appropriate, review and approve changes to other employee benefit plans, including pension and health care benefits, in respect of employees;
- 3.7 Administer and recommend to the Board changes to the Group's equity-based incentive plans (including the Company's 1977 Stock Option Plan and 2010 Omnibus Share Incentive Plan and any successors thereto as may be adopted from time to time) and the granting of awards under such equity-based incentive plans. Annually review executive stock ownership guidelines and compliance with same;
- 3.8 Oversee the Company's compliance with the Securities and Exchange Commission's rules and regulations and New York Stock Exchange Listing Rules ("NYSE rules") regarding certain executive compensation matters;
- 3.9 Receive periodic reports on the Group's compensation programs as they affect all employees and review other important matters bearing on management/employee relations;
- 3.10 Review the senior level organisation structure and staffing of the Group, and, when necessary, submit any concerns and recommendations to the Board;
- 3.11 Ensure succession plans are in place for key executive positions, including the CEO.
- 3.12 Review general issues, such as training and employee development programmes, turnover, employee engagement and diversity;
- 3.13 The Committee shall have the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any advisor to assist it in the performance of its duties, but only, to the extent required by NYSE rules, after taking into consideration factors relevant to the advisor's independence from management, including the factors set forth in the NYSE rules. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any advisor retained by the Committee, and shall have sole authority to approve the advisor's fees and the other terms and conditions of the advisor's



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retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any advisor retained by the Committee.

Approved by the Corporate Governance Committee on 23 July 2018