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Talent & Compensation Committee Charter

References: FCA Regulation 620.31; FCA Bookletter BL-060; IM 2/23/2009; EM-31.4; EM-31.1

I. Mission

The Talent & Compensation Committee (Committee) of Golden State Farm Credit, ACA (Association) is established by, and reports to, the Association Board of Directors (Board). This Committee has been established to comply with Farm Credit Administration (FCA) Regulation 620.31, BL-060 and IM 2/23/2009. The role and mission of the Committee is to assist the Board in fulfilling its responsibilities to prudently manage compensation programs, align compensation practices with sound operations and long-term performance, and provide, in an open and transparent manner, accurate, comprehensive, and understandable disclosures on compensation programs and practices in accordance with regulations promulgated by the FCA. As part of its mission, the Committee also has the responsibility to ensure that incentives provided do not create risks that could threaten the institution's safety and soundness.

The Committee is responsible for reviewing and approving a recommendation to the Board of the overall compensation package for the Chief Executive Officer (CEO) and other senior officers. The Committee is also responsible for reviewing the compensation program for all Association employees. In doing so, the Committee takes into account salary programs, perquisites, short- and long-term incentives, deferred compensation, retirement and/or pension programs, supplemental pension programs for senior officers, executive employment and severance agreements, change-of-control provisions, succession planning and retention bonuses, employee benefit plans, and the independence of any advisers used by the Committee.

The Committee will also have responsibilities with respect to Board compensation.

II. Membership and Terms of Office

A. Membership

1. The Committee must be composed of at least three (3) members of the Board (Directors).
2. Only Directors are eligible to be members of the Committee.
3. Only Directors who meet the independence criteria outlined in the Association Director Independence Criteria Policy and who are designated at least annually by the Board as independent members will be eligible for appointment to the Committee.
4. The Board Chairperson must appoint all members of the Committee.
5. At its first meeting following the appointment by the Chairperson, the Committee will select a Chair and Vice Chair from within its membership. As set forth in the Board Charter, subject to the director term limits set forth in Association bylaws, the Board's philosophy is that the Committee Chair position should not be limited to any term or expected rotation.

B. Terms of Office

The term of office for each position on the Committee will be for three (3) years. The Board, upon recommendation of the Committee or on its own initiative, may remove any Committee member at any time and may fill any vacancy on the Committee. A director may serve multiple and/or consecutive terms on the Committee.

III. Meetings

- A. The Committee will meet at least twice a year and at such additional times as may be necessary to carry out its responsibilities.
- B. Committee meetings will be held as determined by the Board and typically will be held in connection with regularly scheduled meetings of the Board. Any Board member may attend any meeting of the Committee.
- C. Meetings may be called by the Chair of the Committee or the Chair of the Board.
- D. A majority of the members of the Committee in attendance at a meeting of the Committee will constitute a quorum.
- E. Voting will be on a one-member-one vote basis, with the Chair and Vice Chair permitted to vote on all matters needing Committee action.
- F. Meeting agendas will be prepared and provided in advance to Committee members, along with appropriate briefing materials.
- G. Minutes of all Committee meetings, including attendance, will be prepared and approved by the Committee. Minutes will be retained for at least three (3) fiscal years. Minutes will provide sufficient detail on reasons for decisions to avoid disputes regarding prior decisions. Committee members will be provided ready access to past minutes of the Committee for purposes of reference or review.

IV. Executive Session

The Committee may adjourn into executive sessions in order to discuss critical issues without members of management being present.

V. Responsibilities and Authorities

It is the responsibility of the Committee to review the compensation policies and plans for senior officers and employees and to approve the overall compensation program for senior officers. In fulfilling its responsibilities pursuant to FCA Regulation 620.31, the Committee must ensure:

- (1) Association'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.

In carrying out its mission, the Committee will have the following responsibilities and authorities:

A. Compensation Philosophy

Annually, review and make recommendations to the Board on the Association's overall compensation philosophy and ensure that this philosophy is conveyed in the annual compensation disclosure. Ensure an appropriate linkage of pay to performance to ensure that total compensation packages are meaningful relative to the Association's long-term financial outcomes.

B. Director Compensation

Review and make recommendations to the Board on Director compensation periodically as appropriate. Directors should be compensated appropriately for carrying out their fiduciary duties and responsibilities. Appropriate compensation is also critical in helping attract qualified individuals to serve as directors. In reviewing and recommending any changes to director compensation, the Committee should consider all relevant factors, including:

1. Appropriate, reasonable, and adequately documented compensation methodology; and
2. Reasonable compensation amount(s) for the time, effort, and expertise required for the fulfillment of fiduciary duties.

C. Review of Employee Compensation

Annually, review the compensation program for all employees of the Association.

D. CEO Compensation

Annually, review and make recommendations to the Board on annual compensation and the overall compensation program for the CEO, including base salary, annual incentives and long term or retention incentives of the CEO, as applicable.

E. Review and Approval of Overall Compensation Program for CEO and Senior Officers

Annually, review and approve a recommendation to the Board of the overall compensation program for the CEO and other senior officers, including base salary, annual incentives, and retention incentives.

F. Incentives for CEO and Senior Officers

Carefully evaluate incentive plans for the CEO and other senior officers to ensure that incentive payments are based on the Association's long-term financial performance, are consistent with prudent risk-taking, and produce safe and sound outcomes. Ensure that those incentive plans align the interests of senior officers with the long-term financial health of the Association.

G. Association Employee Salary and Incentive Plans

Annually, review and make recommendations to the Board on base salary plans and annual and long-term incentive plans for all employees of the Association. Carefully evaluate incentive plans to ensure that incentive payments are based on the Association's long-term financial performance, are consistent with prudent risk-taking, and produce safe and sound outcomes. Ensure that the incentive plans align the interests of employees with the long-term financial health of the Association.

H. Employee Benefits

With respect to Farm Credit Foundations welfare and benefit programs:

1. Recommending for Board approval the nomination or selection of directors and leadership to serve on Farm Credit Foundations Board of Directors, Plan Sponsor Committee, and Trust Committee as needed;
2. Reviewing as needed the welfare and benefits provided to Association employees to ensure that they conform to and support the Association's total compensation philosophy; and
3. Advising the Board of the financial impact to the Association of any changes made to such benefits and recommending any input to be provided regarding the same.

I. Human Capital

Oversee policies and programs regarding human capital, including succession programs, and annually, or as otherwise appropriate, review and make recommendations to the Board. Recommending for Board approval, and monitoring implementation of the Association's human capital plan which will include the following:

1. Descriptions of the Association's workforce and leadership;
2. An assessment of the strengths and weaknesses of the Association's workforce and leadership;
3. A description of the Association's workforce and leadership succession programs; and
4. Association strategies for ensuring diversity and inclusion within the workforce and leadership.

J. Culture and People

Monitor and review the Association's human capital management function through periodic updates on the state of talent within the Association with areas of focus to include culture, employee engagement, and talent management.

K. Compensation Disclosure

Review and approve the compensation disclosure information that is included in the annual financial reports and ensure that disclosures are made in an open and transparent manner and provide accurate, comprehensive, and understandable information on programs and practices in accordance with FCA Regulations.

L. Liabilities/Metrics

Fully analyze and justify the long-term liability to the Association in developing compensation packages and fully understand the financial commitment and total costs to the Association. Utilize appropriate metrics to fully understand the potential financial outcomes of the compensation package as it pertains to the CEO and individual senior officers.

M. Retirement Benefits

Ensure that retirement benefits are appropriate and not excessive in light of bonus programs and other compensation already paid to executives.

N. Pension Programs

Ensure that pension programs are appropriately structured to attract, retain, and reward staff and that pension programs are appropriately funded. Understand key assumptions used to calculate compensation and pension plan obligations and the sensitivity of the Association's financial exposure to such assumptions.

O. Communication and Collaboration

Communicate and collaborate effectively with the CEO and other senior officers and managers (particularly those with Human Resources or risk management responsibilities) so that the flow of information between the Committee and management is not impeded. The Committee Chair is authorized to be the key contact between the Committee and management and between the Committee and the Board. The Committee Chair, in his/her discretion, may brief the Board Chair and advise him/her of any key decisions of the Committee in advance so that the Board is prepared to deal with the issue(s) when the Board meets.

P. Outside Professionals

Consult with, or employ as needed, professionals and/or external legal counsel who (i) report directly to the Committee, (ii) are independent of senior management, and (iii) bring the necessary perspective and expertise to work directly with the Committee on compensation-related issues.

Q. Access to Advisers, Resources, and Personnel

Have direct access to any external advisers that management of the Association uses on compensation programs or practices and 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.

R. Talent & Compensation Committee Training

Annually, identify the training needs of the Committee and incorporate scheduled trainings and presentations into the annual work plan of the Committee. Other training opportunities will be communicated out and made available to committee members as appropriate. It is the Board's responsibility to ensure that Committee members receive adequate training from professionals on compensation trends and updates, including the tax, accounting, and legal implications of compensation programs. Committee members should strive to attend such training.

S. Self-Evaluation

Perform an annual self-evaluation of the Committee's performance and communicate the results of the self-evaluation to the Board.

VI. **Resources**

The Committee will be provided resources, both monetary and nonmonetary, to enable the Committee to perform its duties and responsibilities. The Committee will have the authority to engage and authorize expenses, whether budgeted or unbudgeted, for independent counsel and other external advisers as the Committee deems necessary to carry out its duties. This may include the engagement and/or termination of any compensation consultants utilized to assist in evaluating the compensation, or compensation related issues, of the CEO, senior officers, or employees. The Committee will have the authority to use reasonable amounts of time of the Association staff to assist in the performance of its responsibilities.

VII. **Charter Review & Disclosure**

Annually, or as otherwise appropriate, the Committee will review the Committee Charter and recommend that the Board reaffirm or amend the Committee Charter. This Charter will be posted on the Association website and also will be available in print to any shareholder requesting it to improve the transparency of the Board's decision-making processes.

VIII. Reporting

The Committee will:

- A. Prepare and furnish meeting minutes and otherwise report to the Board related to the work performed by the Committee to discharge its responsibilities and authorities.
- B. Ensure that the Board is kept informed of substantial or exceptional matters or developments pertaining to major areas of responsibility and, if decision making is involved or a recommendation is developed, report on the process followed, the options considered and the rationale used to support the Committee's decision or recommendation.
- C. Notify FCA of any material changes in compensation programs and ensure timely disclosure of these changes to shareholders.
- D. Ensure the Annual Report references Association policies that address travel, subsistence, and other related expense reimbursements for employees, senior officers and directors.
- E. This charter will be reviewed in accordance with the Association's policy review schedule.

Revision History

Version	Date	Owner	Summary of Changes
N/A	10/19/2016; 12/20/2017; 12/19/2018; 12/18/2019	ELT	N/A12/18/2019: Changes bring the policy in agreement with the model policy provided by FCC Services
1.0	1/22/2020	CEO	Administrative Update Only. Initial release to PolicyTech, added Document Number, clarified Board review schedule
2.0	12/16/2020	CEO	Annual Review - Non-Substantive edits only
3.0	4/21/2021	VP HR	Annual Review – No changes to the policy
4.0	11/18/2021	VP HR	Changes include specific references that address elements of FCA Regulation 620.31 and Bookletter BL-060
5.0	4/20/2022	VP HR	Scheduled Review. Non-substantive changes and updated Section VIII regarding charter review frequency
6.0	10/13/2023	VP HR	Scheduled Review. Review and confirmation of regulatory references, updated Section VII Charter Review & Disclosure and non-substantive edits
7.0	9/25/2024	VP HR	Scheduled Review. Review and confirmation of regulatory references, changed Committee name to Talent & Compensation Committee, updated number of members required, length of term, and added expanded areas of committee focus
8.0	3/26/2025	VP HR	Scheduled Review. Updated Section II. Membership and Terms of Office and III. Meetings, and non-substantive edits