

**Federal Reserve Bank of Cleveland**  
**Charter -- Operations and Resource Committee**

Purpose and Policy:

Under its authority to create committees, the Board of Directors has established an Operations and Resource Committee (the “Committee”). This policy addresses the composition and responsibilities of the Committee.

The purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities related to strategy and budget, major personnel policies, and initiatives including diversity and inclusion, talent management and compensation, and overall Bank operations. The Committee also serves as the primary oversight body responsible for ensuring the Bank has implemented an effective enterprise risk management program and practices.<sup>i</sup>

Composition:

The Committee shall consist of at least three members of the Board of Directors. Committee members and the Chairperson shall be appointed annually by the Board of Directors. The Chairperson of the Board shall be a voting *ex-officio* member of the Committee. Committee vacancies will be filled by the Board of Directors as soon as practical after the occurrence of any vacancy. Two members of the Committee will constitute a quorum for the transaction of business, and action of the Committee will be upon the vote of the majority of those present at any meeting at which a quorum is present.

Responsibilities:

1. To review the Bank’s annual operating and capital expenditures to ensure they are prudent and aligned with the Bank’s strategic direction and to recommend action to the Board of Directors pertaining to the Bank’s annual operating and capital expenditures, as appropriate. In addition, the Committee shall:
  - Evaluate recommendations for unbudgeted capital expenditures submitted by management and make appropriate recommendations for actions by the Board of Directors when total costs of a proposed capital initiative exceed \$1 million.
  - Review and recommend action to the Board of Directors on any proposed capital expenditure that requires prior approval of the Board of Governors (Refer to Chapter 3 of the Financial Accounting Manual for Federal Reserve Banks and Section 1-049 of the Federal Reserve Administrative Manual for guidance on items and their associated costs subject to the Committee’s oversight).
  - Review and recommend action to the Board of Directors on annual bankwide operating expense overruns that exceed \$5 million.
  - Receive periodic updates from management on Bank operating and capital expenditure performance and significant variances from original budget.
2. To review and recommend action to the Board of Directors on changes to management policies related to Bank operations and resources which require approval by the Board of Directors.
3. To annually review the performance of nationally provided services or activities performed for or by other Federal Reserve Banks as well as other significant third party service providers.
4. To review officer appointments, salary adjustments and variable pay, separations for senior vice presidents and above who report directly to the President or First Vice President, and any significant

changes to the officer compensation program and recommend actions to the Board of Directors. Actions related to the President and First Vice President shall be the purview of the Corporate Governance Committee. Actions related to the General Auditor shall be the purview of the Audit Review Committee.

5. To review plans for talent management, including general succession planning, workforce diversity and inclusion, and other significant employment issues. Actions related to the General Auditor shall be the purview of the Audit Review Committee.
6. To periodically review the strategy and performance of functional lines of business, which represent a significant or new component of the Bank's operations or activities.
7. Through its oversight of the enterprise risk management program, the Committee will ensure that management engages the Board of Directors in timely discussions of material risks and risk mitigation strategies. Certain risk discussions are concomitant with audit activities and will be discussed within Audit Committee meetings.<sup>ii</sup> Risks associated with monetary policy and banking supervision decisions will be excluded from consideration.
8. To review annually the performance of the Committee responsibilities as set forth in this charter, report the results of that self-assessment to the full Board, and recommend changes to the Board of Directors as appropriate.

#### Time and Place of Meetings:

The Committee shall hold meetings at least four times annually, with authority to convene additional meetings as circumstances require and provide regular reports of its meeting to the Board of Directors.

#### Interaction between the Audit and Operations and Resource Committees

Risk-related information and reports reviewed by the Operations and Resource Committee or the Audit Committee may be of mutual interest and should be provided to the other as appropriate. Joint meetings of these committees to review and discuss topics of common interest may be beneficial on occasion.

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<sup>i</sup> Discussion and monitoring of certain enterprise risks may also be within the purview of other committees and/or the full board of directors.

<sup>ii</sup> Audit Committee oversight will routinely include discussion of risks associated with internal audit activities, financial statement audit results, fraud risk, and significant internal control breakdowns related to the effectiveness of controls over financial reporting. In certain circumstances, broader risk discussions may occur with the Audit Committee to inform audit activities or to facilitate an expeditious discussion of the content.