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# Action Item

## CEO Employment Agreement

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### **Purpose**

That the Committee review and discuss the CEO Employment Agreement.

### **Overview**

Following the compensation program parameters approved at previous HR & Compensation Committee (HRCC) meetings, including compensation program elements (base, STIP, LTIP, CEO perquisites, etc.) and total direct compensation guidelines (up to the approved pay philosophy of P60 for a fully performing, experienced CEO candidate), the Chair of the Recruitment Committee, Mitchell Anderson, negotiated an employment agreement to secure Niles Kavia as Affinity's CEO effective February 1, 2024. Mitchell engaged fellow Recruitment Committee members as well as the Chief People Officer (for organizational practice/program elements) to ensure that the negotiated Employment Agreement was appropriate.

Given that the employment agreement is in align with organizational practice (e.g., vacation entitlement) and/or board approved compensation program elements and guidelines as noted above, the Recruitment Committee recommends the CEO Employment Agreement to the HRCC.

### **Supporting Documents**

Appendix A – CEO Employment Agreement

Appendix B – CEO Disclosure Statement

### **Recommendation**

That the Committee come prepared to discuss the elements of the CEO Employment Agreement.

### **Resolution**

#### **Committee**

#### **BE IT RESOLVED**

**THAT** the HR & Compensation Committee recommends approval to the Board of Directors of the CEO Employment Agreement as presented.

#### **Board**

#### **BE IT RESOLVED**

**THAT** on the recommendation of the HR & Compensation Committee, the Board of Directors approves the CEO Employment Agreement as presented.

**EXECUTIVE EMPLOYMENT AGREEMENT**

The **AGREEMENT MADE EFFECTIVE** the 29th day of December 2024.

**BETWEEN:**

**AFFINITY CREDIT UNION,**  
(hereinafter referred to as  
"Employer")

OF THE FIRST PART

- and -

**CEO,**

(hereinafter referred to as "Nilesh Kavia")

OF THE SECOND PART

**WHEREAS:**

- A. The Board of Directors of the Employer is desirous of retaining Nilesh Kavia in the Chief Executive Officer role for Affinity Credit Union;
- B. Both parties wish to formalize the commitment to Nilesh Kavia on the terms and conditions of the Agreement;

The parties hereto covenant and agree as follows:

**ARTICLE 1 - POSITION - DUTIES AND RESPONSIBILITIES**

**1.1 Position - Duties and Responsibilities**

Nilesh Kavia, as Chief Executive Officer (CEO) of Affinity Credit Union, shall be the Senior Executive Officer of the Employer and shall have the authority and perform the duties assigned to them from time to time by the Board of Directors of the Employer. It is acknowledged and agreed between Nilesh Kavia and the Employer that such authority and duties may reasonably be changed from time to time at the discretion of the Board of Directors and that no such change in authority or duties will constitute dismissal or other breach of contract entitling Nilesh Kavia to damages or any other remedy at law or in equity so long as Nilesh Kavia continues to occupy the CEO position provided that the changes in authority and/or duties are consistent with and appropriate for the position of CEO.

Nilesh Kavia will report to the Board of Directors through the Chair of the Board of Directors. Communications between the Chair and Nilesh Kavia may be verbal or written and initiated by either party and occur at various times as and when required.

## **ARTICLE 2 – TERM**

### **2.1 Term**

The term of employment, which commences on February 1<sup>st</sup>, 2024, is for an indefinite period and will continue until terminated in accordance with the terms of the Agreement.

## **ARTICLE 3 - EXCLUSIVE SERVICE AND HOURS OF WORK**

### **3.1 Exclusive Service and Hours of Work**

Nilesh Kavia agrees to devote their full business time and energy to the business affairs and interests of the Employer and shall use their best efforts and abilities to promote the Employer's interests. Nilesh Kavia shall not engage or have any interest in any other enterprise, occupation, or profession, directly or indirectly, or become a principal, agent, director, officer or employee of another company or firm, without the prior written consent of the Board of Directors. Nilesh Kavia agrees not to be directly or indirectly engaged in any business, whether as a principal, agent, director, officer, employee or otherwise, which competes with the Employer or which employment would reasonably constitute a conflict of interest with the business, or time commitment required of the CEO role. Nilesh Kavia may make and manage personal business investments of their choice and serve in any capacity with any civic, educational, or charitable organization, or any governmental entity or trade association, without seeking or obtaining approval by the Board of Directors, provided such activities and services do not materially interfere or conflict with the performance of their duties hereunder. On an annual basis, Nilesh Kavia shall notify the Board Chair in writing of their current involvement and activities with any civic, educational or charitable organization and any governmental entity or trade association.

Nilesh Kavia confirms that they have completely and accurately disclosed to the Board of Directors their personal business interests existing as of the date of this agreement and agrees to disclose any changes thereto during its term. Nilesh Kavia shall divest himself of any interests which the Board of Directors of the Employer reasonably determines conflicts with those of the Employer or which may reasonably be in breach of the Employer's Code of Conduct or The Standards of Sound Business Practice.

## **ARTICLE 4 -ANNUAL REVIEW**

### **4.1 Annual Review**

Nilesh Kavia acknowledges and agrees that, on an annual basis, a performance review shall be completed by the Board of Directors. The Chair of the Board shall preside over Nilesh Kavia's annual performance review as CEO. Nilesh Kavia shall be entitled to respond in writing to any comments arising from a performance review.

## **ARTICLE 5 - REMUNERATION AND BENEFITS**

In consideration of Nilesh Kavia performing the duties and responsibilities of the position, the Employer shall pay and grant the following salary and benefits:

### **5.1 Salary**

A base salary of \$400,00 per annum, effective February 1<sup>st</sup>, 2024.

All salary shall be payable in installments according to the Employer's payroll policy and be subject to all necessary and lawful Federal and Provincial deductions required by law, including Employment Insurance, Canada Pension Plan and Income Tax contributions.

A salary review shall be conducted in December of each year of the Agreement and any increase to salary shall be effective January 1st of the immediately following year. Salary increases are performance based, at the discretion of the Board of Directors, and not guaranteed on an annual basis.

### **5.2 Short Term Incentive Program (STIP)**

In addition to base salary, as CEO, Niles Kavia shall be eligible to participate in the Employer's short term (annual) incentive program with a target payout of 65% of base salary or as may be mutually agreed upon.

As a transitional measure, in lieu of an absence of LTIP payments in 2024 and 2025, the target STIP payment will be 80% of base salary in 2024 and 95% of base salary in 2025, and 65% of base salary in 2026.

Details of the STIP shall be reviewed with and communicated to Niles Kavia by the Chair of the Board by February of each year. The amount payable as short-term incentive shall be based on mutually agreed upon performance criteria established at the commencement of each year.

### **5.3 Long Term Incentive Program (LTIP)**

In addition to base salary, and STIP, as CEO, Niles Kavia shall be eligible to participate in the Employer's long term (3-year vesting) incentive program with a target payout of 75% of base salary or as may be mutually agreed upon.

Details of the long-term incentive program shall be reviewed with and communicated to Niles Kavia by the Chair of the Board by February of each year. The amount payable as long-term incentive shall be based on mutually agreed upon performance criteria established at the commencement of each year.

### **5.4 Pension**

Niles Kavia shall participate in the Employer's Superannuation Pension Plan, being the Co-operative Superannuation Society Pension Plan as adopted by the Employer, at a rate of 7% which will be matched by the Employer, up to the maximum allowable annual contribution limit.

### **5.5 Benefits**

Niles Kavia shall be eligible to participate in the Employer's insured benefit programs including life insurance, disability, extended health care, vision care, and dental care benefits. Niles Kavia will receive perquisite health spending funds of not less than \$3,000 in addition to the annual posted Health Care Spending Account amount (found on the intranet as Health Care Spending Account).

- 5.6 Niles Kavia shall receive a vehicle allowance of \$1,500 per month together with mileage for travel outside of the city limits of Saskatoon in accordance with the Employer's mileage reimbursement rates for employees.
- 5.7 Niles Kavia shall be entitled to a wellness allowance of \$10,000 per annum to be used at his discretion for fitness or any form of wellness initiative.
- 5.8 Niles Kavia shall also be entitled to participate and receive other benefits that may be agreed upon with the Employer. The benefits shall not be less

than the benefits Nilesh Kavia currently receives at Affinity Credit Union.

Nilesh Kavia acknowledges and agrees that the Employer reserves the right to unilaterally introduce, amend or discontinue various benefits designed to remunerate the CEO, provided that the overall benefits shall be not less than the benefits presently being accorded to Nilesh Kavia as of December 31, 2023.

#### **5.9 Expenses**

The Employer will reimburse Nilesh Kavia for reasonable and out of pocket expenses authorized and incurred pursuant to Nilesh Kavia's employment with the Employer in accordance with the Employer's generally established practices as applied.

### **ARTICLE 6 - DEDUCTION FROM REMUNERATION**

#### **6.1 Deduction from Remuneration**

Nilesh Kavia authorizes the Employer to deduct from any payment due to Nilesh Kavia at any time, including a termination payment, any amounts owed to the Employer by reason of advances of salary, loans, or for pension plans, bonds or savings plans, save only that their provision shall be applied so as not to conflict with any applicable legislation.

### **ARTICLE 7 - VACATION/PAID TIME OFF**

#### **7.1 Vacation**

Nilesh Kavia will be entitled to six (6) weeks annual vacation accrued throughout the term of the Agreement. It is also agreed that there may be a carryover of ten (10) days' vacation into the next calendar year. If Nilesh Kavia is unable to take four (4) weeks of vacation in any calendar year, they shall notify the Board Chairperson, and any additional carry over or pay-out arrangements will be based on consistency with organizational policy and practice.

#### **7.2 Paid Time Off**

Nilesh Kavia will be entitled to eight (8) personal paid days per year to be used at the discretion of Nilesh Kavia and in accordance with HR policy.

### **ARTICLE 8 - SICK LEAVE**

#### **8.1 Sick Leave**

Nilesh Kavia will be entitled to sick leave, such sick leave to be earned at 1¼ days per month worked, provided it is agreed and understood that it is not a benefit that is separately payable or due in cash, and that, in the event the employment is terminated for any reason and there remains unused sick leave, such leave is forfeited.

### **ARTICLE 9 - TERMINATION AND SEVERANCE**

#### **9.1 Termination**

The parties understand and agree that this Agreement and the employment of Nilesh Kavia may be terminated in the following manner:

- (a) By Nilesh Kavia:
  - (i) At any time on giving six (6) months' written notice or such other notice as may be mutually agreed upon. In the event Nilesh Kavia retires or resigns from employment, they shall be entitled to earned compensation including salary and benefits to the date of termination. All unvested LTIP grants as of the termination date will be forfeited.

- (b) By the Employer:
- (i) In its absolute discretion, without any notice or pay in lieu of notice, for just cause.
  - (ii) At any time on the giving of notice or pay in lieu of notice equal to 18 months' base salary, plus STIP calculated based on the average variable pay amount provided to Niles Kavia during the previous three years, with the amount pro-rated to the date of termination. After two (2) years as CEO, the notice period shall increase from eighteen (18) to twenty-four (24) months. For LTIP, unvested amounts will become payable on a pro-rata basis as of the termination date based on actual performance results at the end of the performance period.
  - (iii) Upon death, the estate of Niles Kavia shall be entitled only to those benefits to which an estate is entitled under the Employer's policy and benefits program, together with any pro-rated variable compensation pursuant to Article 5.2 and 5.3 that has been fully earned but not paid.

## **9.2 Release**

Upon payment of the applicable amount due under 9.1(b) hereof, Niles Kavia does hereby release the Employer and all of their members, directors, officers, employees, agents, successors, representatives and assigns, and each of them, of and from all actions, causes of action, claims, demands, debts, damages, costs and expenses of every nature or kind, known or unknown, whether at law, in equity or under statute (other than for a breach of the terms of the Agreement), hereinafter referred to collectively as "Claims" which Niles Kavia ever had, now has or which they or their heirs, executors, administrators, successors and assigns or any of them hereafter can, shall or may have for or by reason of any matter, cause or thing existing up to the present time including, without limitation, Claims arising out of, related to or in any way connected with Niles Kavia's employment with the Employer or the termination from that employment.

Without limiting the generality of the foregoing of the Agreement, Niles Kavia acknowledges and agrees that the payments made to them under the Agreement operate in full and final settlement and satisfaction of any and all Claims in respect of their employment, including but not limited to: payment in lieu of such notice, severance, retiring allowance payments, salary, wages, vacation pay, profit sharing, sick leave, accident benefits, short or long-term disability benefits, health or dental or life insurance benefits except to the extent that such claims may be processed under the conversion of group benefits, future employer contributions to pension and any other employment compensation, benefit or requisite whatsoever and any claim or complaint for breach of contract, discrimination, harassment or reinstatement.

## **ARTICLE 10 - WORK STANDARDS AND ADHERENCE TO RULES AND POLICIES**

### **10.1 Work Standards and Adherence to Rules and Policies**

Niles Kavia acknowledges that the Board of Directors and the Employer have adopted codes, rules and policies for its CEO and senior management that govern work standards,



conduct and occupational health and safety issues. During the term of employment, Niles Kavia agrees to abide by and adhere to all such codes, rules and policies of the Employer as adopted from time to time as well as the Standards of Sound Business Practice applicable to senior management.

## **ARTICLE 11 - CONFIDENTIALITY**

### **11.1 Confidentiality**

All trade secrets, trade names, client information, client files, processing and marketing strategies, programs and techniques in regard to the business of the Employer, arising before and after the Agreement, are the sole property of the Employer or its successor. Niles Kavia shall not divulge the same to any person, partnership, or corporation, or to assist in such disclosure, without the written consent of the Board of Directors of the Employer.

### **11.2 Non-Solicitation**

Niles Kavia agrees that during their employment and for a period of 18 months following termination of employment, whether by resignation, retirement, termination or mutual agreement, they will not for any reason, either directly or indirectly through any business that they may be associated with, approach or solicit in the course of business or attempt to direct away from the Employer any of its current business or membership or induce or solicit any employees of the Employer to cease their employment with the Employer. The paragraph shall survive the termination of the Agreement.

Niles Kavia acknowledges that damages would not be sufficient remedy for any breach, or threatened breach, of the provision. In that event, Niles Kavia agrees that the Employer may apply for and obtain any relief available to it in a court of law, including injunctive relief. The relief is in addition to such rights the Employer may have to damages arising from any breach, or threatened breach, of the agreement by Niles Kavia.

## **ARTICLE 12 - ASSIGNMENT**

### **12.1 Assignment**

The Employer shall have the right, at its election, to assign the Agreement to another Employer in the event of a subsequent Amalgamation or Arrangement involving the Employer. Niles Kavia shall not assign their rights under the Agreement without the Board and the Employer's prior written consent.

## **ARTICLE 13 - NON-DISCLOSURE**

### **13.1 Non-Disclosure**

The Board of Directors, the Employer and Niles Kavia agree that neither party shall divulge the terms of the Agreement except with the permission of the other or except as may be requested or required by any government or statutory authority within its legal jurisdiction or by the parties' professional advisors.

## **ARTICLE 14 - CREDIT UNION'S PROPERTY**

### **14.1 Credit Union's Property**

Niles Kavia acknowledges that all items of any and every nature or kind created or used by Niles Kavia pursuant to their employment under the Agreement, or furnished by the Employer to Niles Kavia, and all equipment, automobiles, credit cards, books, records, reports, files, manuals, literature, confidential information or other materials shall remain and be considered the exclusive property of the Employer at all times and shall be surrendered to the Employer, in good condition, promptly upon termination.

## **ARTICLE 15 - NOTICES**

### **15.1 Notices**

Any notice required or permitted to be given to Niles Kavia shall be sufficiently given if delivered to Niles Kavia personally or if mailed by registered mail to Niles Kavia's address last known to the Employer.

Any notice required or permitted to be given to the Employer shall be sufficiently given if mailed by registered mail to the Employer's Head Office at its address last known by Niles Kavia.

## **ARTICLE 16 - SEVERABILITY**

### **16.1 Severability**

In the event any provisions or part of the Agreement shall be deemed void or invalid by a court of competent jurisdiction, the remaining provisions or parts shall be and remain in full force and effect.

## **ARTICLE 17 - ENTIRE AGREEMENT**

### **17.1 Entire Agreement**

The Agreement constitutes the entire agreement between the parties with respect to the employment and appointment of Niles Kavia and any and all previous understandings, agreements, written or oral, expressed or implied, between the parties or on their behalf, relating to the employment of Niles Kavia by the Employer, are terminated and cancelled and each of the parties releases and forever discharges the other of and from all manner of actions, causes of action, claims and demands whatsoever, under or in respect of any understanding or agreement.

## **ARTICLE 18 - MODIFICATION OF AGREEMENT**

### **18.1 Modification of Agreement**

Any modification to the Agreement must be in writing and signed by the parties or it shall have no effect and shall be void.

## **ARTICLE 19 - HEADINGS**

### **19.1 Headings**

The headings used in the Agreement are for convenience only and are not to be construed in any way as additions to or limitations of the covenants and agreements contained in it.

## **ARTICLE 20 - GOVERNING LAW**

### **20.1 Governing Law**

It is the intention of the parties that the Agreement and the performance under it be construed in accordance with and under and pursuant to the laws of Saskatchewan and that, in any action or other proceeding arising out of, in connection with, or by reason of the Agreement, the laws of the Province of Saskatchewan shall be applicable and shall govern to the exclusion of the law of any other forum without regard to the jurisdiction in which any action may be instituted.

**ARTICLE 21 - INDEPENDENT LEGAL ADVICE**

**21.1 Independent Legal Advice**

Nilesh Kavia acknowledges having been advised by the Employer that they may wish to obtain independent legal advice concerning the contents hereof. Nilesh Kavia further acknowledges having read and understood the Agreement in its entirety and has executed the same voluntarily, without duress or undue influence.

IN WITNESS WHEREOF the parties hereto have duly executed and entered into the Agreement on the day and year first above written.

**AFFINITY CREDIT UNION**

**Per:**



**Mitchell Anderson, Board Chair**

**Signed, Sealed and Delivered in the presence of:**

*Arantins Tammy Martins* )

*CECILIA ZERR.* )

**Witness (name)**



**Nilesh Kavia**



# Information Item

## Disclosure of Existing Personal Business Interests

### Purpose

In accordance with Article 3.1 of the CEO Employment Agreement dated December 29<sup>th</sup>, 2023, the incoming CEO is to have completely and accurately disclosed to the Board of Directors their personal business interests existing as of the date of the agreement and agrees to disclose any changes thereto during its term. The purpose of this report is to provide reporting of such disclosure to the Board of Directors.

### Overview

Article 3.1 of the CEO Employment Agreement dated December 29<sup>th</sup>, 2023 states the following:

#### **ARTICLE 3 - EXCLUSIVE SERVICE AND HOURS OF WORK**

##### **3.1 Exclusive Service and Hours of Work**

*Nilesh Kavia agrees to devote their full business time and energy to the business affairs and interests of the Employer and shall use their best efforts and abilities to promote the Employer's interests. Nilesh Kavia shall not engage or have any interest in any other enterprise, occupation, or profession, directly or indirectly, or become a principal, agent, director, officer or employee of another company or firm, without the prior written consent of the Board of Directors. Nilesh Kavia agrees not to be directly or indirectly engaged in any business, whether as a principal, agent, director, officer, employee or otherwise, which competes with the Employer or which employment would reasonably constitute a conflict of interest with the business, or time commitment required of the CEO role. Nilesh Kavia may make and manage personal business investments of their choice and serve in any capacity with any civic, educational, or charitable organization, or any governmental entity or trade association, without seeking or obtaining approval by the Board of Directors, provided such activities and services do not materially interfere or conflict with the performance of their duties hereunder. On an annual basis, Nilesh Kavia shall notify the Board Chair in writing of their current involvement and activities with any civic, educational or charitable organization and any governmental entity or trade association.*

*Nilesh Kavia confirms that they have completely and accurately disclosed to the Board of Directors their personal business interests existing as of the date of this agreement and agrees to disclose any changes thereto during its term. Nilesh Kavia shall divest himself of any interests which the Board of Directors of the Employer reasonably determines conflicts with those of the Employer or which may reasonably be in breach of the Employer's Code of Conduct or The Standards of Sound Business Practice.*

### Disclosure:

My professional and community activity outside of my employment at Affinity Credit Union includes the following as at December 29<sup>th</sup> 2023:

1. I am a shareholder and director of Centered In Peace Inc. Centered in Peace is a coaching and consulting company that is primarily run by my wife, Sonal Kavia. I have been providing coaching services through this entity to one client as a way to keep up my coaching hours. In light of the transition to the CEO role, I will no longer be coaching any clients and will advise them of such after the formal CEO announcement in January 2024.
2. I am a member of the Board of Directors of Sanctum Care Group as well as their Treasurer. This is a volunteer role and my way of providing direct community involvement as well as utilizing my ICD.D and Accounting designations. My intention is to continue to serve on this Board.
3. I am the key shareholder of a numbered company for the purpose of rental property income.

My activities outside of Affinity employment do not conflict with those of the Employer nor are reasonably in breach of the Employer's Code of Conduct or The Standards of Sound Business Practice. Additionally, my activities and services will not materially interfere or conflict with the performance of my duties as a CEO.

**Recommendation**

That the Board of Directors review and discuss the above disclosures and provide Nilesh Kavia of any further action, if required.