



## **CREDIT UNION ONE CORPORATE GOVERNANCE GUIDELINES**

Corporate Governance refers to the processes and structures by which affairs of the Credit Union are organized and directed. Governance identifies the distribution of responsibilities among and between the Board of Directors and Management, and other third parties. Governance includes processes to monitor the actions, policies and decisions of the Credit Union in the context of achieving its Purpose, Mission, and Core Values, strategic objectives, and operating in good faith compliance with applicable laws and regulations.

### **THE BOARD AND MANGEMENT**

Credit Union ONE's Board of Directors is responsible for overseeing the general affairs and direction of Credit Union ONE to ensure the long-term interests of its member-owners are served. The Board's primary responsibilities are:

- Define and ensure operations are aligned with a clear Purpose, Core Values, and Mission Statement;
- Set a clear Strategic Vision and develop long-term Strategic Plans, and Annual Business Plans to fulfill the Vision;
- Establish and monitor risk management standards to assure financial stewardship and safety and soundness;
- Recruit and retain a highly qualified President/CEO;
- Develop prudent Board Policies to provide guidance regarding the general direction of the Credit Union: and
- Continually assess the effectiveness of applying these responsibilities.

Many of these responsibilities are accomplished through delegation of authority and assignment of responsibility to the President/CEO. The President/CEO oversees the daily operations of the business and establishes reporting and communications systems that validate delegated responsibilities are faithfully executed. It is important that the Board of Directors, President/CEO and senior executives work collaboratively with mutual respect for the different roles each play in order for the Credit Union to function properly.

### **BOARD POLICIES**

The Board maintains Policies designed to assure its responsibilities are fulfilled, and the Credit Union operates safely and soundly and in compliance with various laws and regulations. Board Policies provide guidance, delegate authority, set limitations, and prescribe general expectations regarding the overall operations of the Credit Union. Board Policies are the framework around which Management functions, operates the day-to-day business of the organization, and makes decisions in the best interests of the Credit Union and its members. Policies are regularly reviewed and updated to assure they are consistent with current operations, legal or regulatory requirements.

The Corporate Governance Committee reviews proposed new Policies or amendments to current Policies, and presents them to the full Board for approval. A new or amended Policy is received by the Board, and voted upon at its next regular meeting. This allows time for review, reflection, and consideration of the Policy. In some instances the Board may agree to approve a policy or amendment without this review period.

## **BOARD COMMITTEES**

Credit Union ONE will have the following Standing Committees of the Board:

- Audit
- Compensation
- Corporate Governance
- Nominating
- Investments
- Technology

The Board may create additional committees and subcommittees that it identifies as appropriate. Non-director member-owners of the credit union may be appointed to serve on these additional committees.

Members of Standing Committees are appointed by the Chairperson within a reasonable time after the Annual Organizational Meeting, and ratified by a vote of the entire Board. However, the Corporate Governance Committee has a fixed membership which includes the Board Chairperson, Vice Chairperson and Secretary/Treasurer. Consideration will be given to the experience and interest of individual Directors when determining committee assignments. It is the sense of the Board that consideration should be given to periodic rotation of committee members but that such rotation is not mandated as a policy. The Board Chairperson is an *ex officio* member of all Committees.

Each Committee will have its own written charter which will set forth the purposes, goals, and responsibilities for each committee. Each committee will have a Chairperson and Vice Chairperson elected by the committee members. When possible, the preference of the Board is for a director who is not a Chairperson of another committee to serve in the capacity of Vice Chairperson.

The Chair of each committee, in consultation with the committee members and Senior Management assigned to support the committee, will determine the frequency and length of meetings as well as the agenda for meetings. The schedule for meetings of all committees will be provided to all Directors, who are welcome to attend any meeting of any Committee.

The Board has also established and delegated authority and responsibility to committees comprised of Management Level employees. Members of these committees are recommended by the President/CEO and approved by the Board at least annually. These committees are the Asset Liability Committee (ALCO) and the IT Governance Committee. Their purpose, structure and functions further defined separate Board approved committee charters.

## **BOARD DIVERSITY AND NON-DISCRIMINATION**

The Board of Directors is conscious of the value and strength that diversity brings to any group of people. "Diversity" is used very broadly in this context and encompasses the collective sum of the individual differences, life experiences, education, knowledge, innovation, self-expression, unique capabilities and talent of Directors or potential Directors, and represents a significant part of not only

the culture, but reputation of Credit Union ONE. The Board of Directors believes that diversity plays a critical role in meeting its dual mandate to represent the interests of the membership, as well as to fulfill fiduciary obligations.

The Board of Directors states its direct intent that the identification and selection of Directors will not eliminate a candidate for consideration solely on the basis of age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our members unique.

#### **BOARD SIZE**

The number of Directors that serve on the Board of Credit Union ONE is a function assuring there is a combination of necessary skills, backgrounds, experience, education, and diversity for the Board to fulfill its responsibilities. Determining if standards are met is a function of annual reviews and succession planning by the Board of Directors. At all times the Board shall be maintained to comply with the requirements of the Bylaws.

#### **ENGAGING THIRD PARTY PROFESSIONAL SERVICES**

The Board or any of its Standing Committees, may engage and retain independent legal, accounting, financial, or other advisors as deemed appropriate. Expenses related to such professional services shall be paid for by Credit Union ONE. Retaining advisors for such services will be reported to the President/CEO, unless a majority of the Board believes it is in the best interest of the Credit Union to maintain the confidentiality of such engagement. Expenses for such activities will be reported to the President/CEO (unless the previous paragraph related to confidentiality applies). Appropriate budgetary consideration and expenses are required for retaining the services of any professional services providers. Further, should there be a decision to not disclose such an engagement to the President/CEO, it is the responsibility of the Audit Committee to assure the Credit Union acts in compliance with the Vendor Management Policy and Business Continuity Plan Policy regarding vendor due diligence, contract terms, and non-disclosure/confidentiality requirements.

#### **DIRECTOR NOMINATIONS AND ELECTIONS**

The Nominating Committee will recommend nominees in accordance with the Bylaws of Credit Union ONE. Criteria for assessing nominees are set forth in the Board Succession Plan and Director Position Description. Additional criteria may be established as the Board or Nominating Committee determine are necessary and appropriate to meet the needs of the Credit Union.

In the event a member seeks a nomination by petition, the Nominating Committee is responsible for determining whether the potential candidate is eligible for election and services on the Board of Directors. In the event of a contested election for one or more seats on the Board of Directors, the election will be conducted in accordance with the Bylaws of Credit Union ONE and its Board Election Policy.

#### **BOARD OFFICER ELECTIONS**

The Board of Directors has adopted a process and procedures for the nomination and election of Board Officers (Chairperson, Vice Chairperson, and Secretary/Treasurer) consistent with the Bylaws. The process and procedures are incorporated by reference into these Corporate Governance Guidelines. A copy is retained by the Manager of Board Relations who is responsible for assuring the election of Board Officers is conducted in accordance with the Board process and procedures.

### **SERVICE ON OTHER BOARDS OR AUDIT COMMITTEES**

Credit Union ONE Directors may not serve on more than two other for-profit or non-profit boards in addition to the Credit Union ONE Board, none of which can create a conflict of interest. One or more Directors may sit on the Board of Directors of any subsidiary or affiliate company of Credit Union ONE. In no circumstance may service on another board violate and legal or regulatory requirements. Members of Credit Union ONE's Audit Committee may not serve on more than two other boards or audit/legal committees, none of which can be create a conflict of interest.

### **DIRECTOR RETIREMENT – EMERITUS STATUS**

There are no limits to the number of terms a Director may serve. Term limits have the disadvantage of unnecessarily removing contributing Directors who have been able to develop, over a period of time, insight into the Credit Union and its operations. Regardless of tenure all Directors are expected to regularly self-assess their capacity and commitment to fulfilling their duties and are trusted to act consistently with the outcome of this self-assessment. Depending on the tenure of service and contributions made to Credit Union ONE, the Board of Directors may appoint one or more retired board members as a Director Emeritus in accordance with its Director Succession Plan Policy.

### **DIRECTOR RESPONSIBILITIES**

The basic responsibility of each Directors is to exercise their business judgment in good faith, fulfill their fiduciary and legal duties, and to act in a manner reasonably believed to be in the best interests of Credit Union ONE. In discharging such obligations, Directors are entitled to rely on the honesty and integrity of their fellow Directors, Senior Management, and third party professional advisors.

### **BOARD MEETINGS**

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors should review in advance of the meeting the information and data that are distributed to them.

The Chairperson will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review Credit Union ONE's financial statements, long-term strategic plans and the principal issues that Credit Union ONE anticipates facing in the future during at least one strategic planning meeting each year, and as deemed necessary to meet goals and objectives.

All meetings will be conducted in accordance with Robert's Rules of Order, and minutes will be maintained for all meetings of the Board.

### **PUBLIC RELATIONS - SPOKESPERSON**

The Board believes that the President/CEO or any employee or appropriate third party designated by the President/CEO speaks for Credit Union ONE. Individual Directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with Credit Union ONE. However, it is expected that Board members will do this only with the knowledge of the President/CEO and absent unusual circumstances or as contemplated by the committee charters, or at the request of management.

### **CODE OF BUSINESS CONDUCT AND ETHICS FOR EMPLOYEES**

The Board of Directors strongly believes in fostering a culture of honesty, accountability and integrity. Credit Union ONE has adopted a Code of Business Conduct and Ethics for Employees to promote ethical behavior. It addresses, among other things, conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of company assets, compliance with laws, rules and regulations and encouraging the reporting of any illegal or unethical behavior.

### **CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS**

Credit Union ONE has adopted a comprehensive Code of Business Conduct and Ethics for Members of the Board of Directors. It addresses, among other things, conflicts of interest, corporate gifts, corporate opportunities, confidentiality, fair dealing, protection and proper use of company assets, compliance with laws, and the reporting of illegal/unethical behavior.

### **PRESIDENT/CEO - EVALUATION, COMPENSATION, AND SUCCESSION**

The Corporate Governance Committee is responsible for the Board completing an annual review of the President/CEO's performance. The Compensation Committee conducts an annual review and makes recommendations to the Board regarding the compensation and benefits provided to the President/CEO. The performance evaluation and compensation benefits review are conducted in a manner that is consistent with the Board Compensation Philosophy statement.

The Board annually reviews the President/CEO Succession Plan Policy to assure it up-to-date and it can be reasonably implemented if necessary.

### **BOARD SUCCESSION**

The Board of Directors annually reviews the Board Succession Plan. This review includes consideration of anticipated changes to the Board and consideration of an annual survey of Director back ground, education, and skills to assure desired diversity.

### **BOARD SELF-ASSESSMENT REVIEW**

The Corporate Governance Committee conducts an annual self-assessment to determine whether the Board and its committees are functioning effectively. An annual report will be made to the Board on the assessment of the performance of the Board and its committees, as well as progress in addressing any identified areas for improvement. A review of these Corporate Governance Guidelines shall be included in the annual report.

Adopted: March 2007

Amended: July 2015