

100. BOARD GOVERNANCE POLICY

Revised: November 20, 2024



100. INTRODUCTION

This document sets forth the basic corporate governance principles and practices that govern iQ Credit Union. It describes the basic framework for the operation of the Credit Union’s Board of Directors (“Governing Body”) as well as the various Board Committees. While this policy is not intended to be an exhaustive list of all duties and responsibilities of the Governing Body, it provides a framework for Board Governance, built on the foundation of complying with all applicable laws and regulations. The Credit Union’s Board of Directors has approved this policy and the related Board Committee charters. The Board recognizes that one of its essential functions is an ongoing review and discussion of governance processes and procedures, thus is committed to reviewing this Board Governance Policy at least annually and changes may be made from time-to-time as necessary and appropriate.

110. ROLE OF THE BOARD

The Board of Directors shall be responsible for the general control and direction of the affairs, funds, and records of the Credit Union. The Board of Directors shall perform the specific duties as set forth in the State Credit Union Act as well as establish the strategic direction of the Credit Union.

120. FUNCTIONS OF THE BOARD

Each Director, under Federal Law and as outlined in the Governance Policy, has a fiduciary duty composed of the following:

- **Duty of Obedience** requires Directors to be faithful to the Credit Union’s mission, ensuring that the mission guides all the Board’s decisions.
- **Duty of Care** requires Directors to act with due care in fulfilling their tasks of policymaking and monitoring Credit Union’s operations. Directors are obligated to be honest and to use prudent business judgment in the conduct of Credit Union affairs. The test is objective – was the same degree of care used that a prudent person would use in the conduct of their own personal business affairs. The “duty of care” requires officials of the Credit Union to perform their duties with the care of an ordinarily prudent person in a like position under similar circumstances.
- **Duty of Loyalty** requires Directors to avoid using their position on the Board to gain personal advantage. Business or investment opportunities that properly belong to iQ Credit Union cannot be diverted to the personal benefit of a Director. Directors must disclose any conflict of interest with Credit Union business.

The Board of Directors has three areas of leadership responsibility. The Directors shall be responsible for

Oversight including the general control and direction of the affairs, funds, and records of the Credit Union in a manner that is safe, sound, and meets the fiduciary responsibilities established by the Federal Regulations, State Credit Union Act, and iQ Credit Union's Bylaws. The Directors shall also set the **Strategy** and represent the **Culture** of the Credit Union.

130. COMPOSITION & QUALIFICATIONS OF THE BOARD

130.100 BOARD COMPOSITION

The Board of Directors will consist of (9) members. Each newly elected member will serve for a three-year term. All newly elected members will be limited to a maximum of three successive three-year terms. Directors serving as of January 20, 2021 will be limited to three (3) additional three-year terms. In the event that invoking a term limit will result in more than three (3) Board members leaving at one time, a term limit may be suspended by approval of the full Board.

130.100.10 VACANCIES

Vacancies will be filled by the action of the Board of Directors according to the Bylaws. Vacancies will be declared when a Director ceases to be a member in good standing, resigns, dies, or is removed by operation of law. Members appointed to fill an unexpired vacancy remain eligible for election to three (3) additional terms.

130.200 QUALIFICATION TO SERVE

- Member in good standing of iQ Credit Union
- Satisfies Credit Union bonding requirements; has no felony convictions or criminal charges involving dishonesty or breach of trust
- Must be at least 18 years of age
- Has not been employed by iQ Credit Union within the past two years
- Is not an employee, officer, or director of another financial institution
- Does not have family members in current employment by iQ Credit Union or receiving any other form of income from iQ Credit Union. Family member is a defined in RCW 26.50.010 paragraphs (6) and (7).
- Possesses general knowledge of the Democratic Rules of Order
- To be eligible to vote in Credit Union elections one must be a member for three consecutive months.

130.300 REQUIREMENT OF SERVICE

The Board of Directors shall have at least six regular board meetings each year, with at least one held in each calendar quarter. Notice of the monthly meetings will be e-mailed at least one week in advance to all the members of the Board and the Audit Committee. The regular meeting of the Board of Directors will generally be held on the third Wednesday of each month.

In recognition of the Board's fiduciary responsibilities, regular attendance at Board meetings is required. The Board will evaluate a member's "good standing" when that member is absent from any three successive Board meetings or misses more than 25% of the regular Board meetings in a twelve (12) month period. At least two (2) meetings must be attended in person each calendar year.

Directors are expected to attend and actively participate in all meetings of the board, the committees on which they serve, and the annual membership meeting.

130.300.10 ORIENTATION & MENTORSHIP

The Board will provide an orientation program for new Directors and Audit Committee members, outlining responsibilities and duties and providing an introduction to iQ Credit Union history, strategic plan and general operations.

The Board will provide the opportunity for a mentoring relationship to each incoming Director or Audit Committee member. Details of this program are outlined in the Director and Audit Committee Development policy.

130.300.20 EDUCATION & DEVELOPMENT

The purpose of Education & Development is to empower Directors to carry out the duties and responsibilities of the Credit Union position to the best of their ability and to actively participate in opportunities to increase knowledge and skill. Board members should make an effort to understand the economic, regulatory, legal, and social environments in which the Credit Union operates, should review and respond to supervisory agency examinations and review committee reports, and should promptly discharge all duties of their office.

All Directors must attain financial literacy as required by regulation and follow the guidelines in the iQ Credit Union Director and Audit Committee Development Policy.

130.400 EXECUTIVE OFFICERS

At the first meeting following the Credit Union's Annual Meeting, the Board of Directors will elect a Chair, Vice-Chair, Treasurer and Secretary to serve until the first Board meeting following the next Annual Meeting and until the election and qualification of their respective successors. If the current board chair plans to vacate the position, the board may elect a successor to the board chair up to one year in advance. Serving as the chair-elect, the successor will be mentored by the current board chair to assume the role when vacated.

130.400.10 DUTIES OF THE EXECUTIVE OFFICERS

Chair. The Chair shall preside at all membership meetings and meetings of the Board of Directors, appoint Committee members, and perform customary duties of the office.

Vice Chair. The Vice Chair shall perform the duties of the Chair in his or her absence and any other duties prescribed by the Board of Directors.

Secretary. The Secretary shall keep a record of all meetings of Credit Union members, the Board of Directors, and the Audit Committee reports. The Secretary shall give notice

of all meetings of the membership in accordance with the manner prescribed by the Bylaws and perform any other duties prescribed by the Board of Directors.

Treasurer. The Treasurer shall serve as chair of the ALM Committee, as a member of the Executive Committee, and serve as a member of the Budget Committee.

130.500 EXECUTIVE COMMITTEE

The Executive Committee is comprised of the officers and is responsible for working in support of, or occasionally in place of the full board. The Executive Committee shall act as a liaison to the President/CEO and will manage the Annual Performance Review and Compensation Plan for the President/CEO. The Executive Committee with at least two members present is authorized to act on behalf of the Board in the interim between Board Meetings on any duties the Board chooses to delegate to the Executive Committee.

130.500.10 AUTHORITY

The Executive Committee is commissioned by and responsible to the iQ Credit Union Board of Directors. The Executive Committee is authorized to act on behalf of the Board for the following actions:

- Borrowing of funds
- Approving expenses exceeding the Budget
- Approve loan requests for Directors, Audit Committee members, President/CEO, and SVP Chief Lending Officer.

130.500.20 REPORTING RESPONSIBILITIES

The Executive Committee shall regularly report to the Board of Directors about Committee activities, issues, and related recommendations.

140. BOARD EFFECTIVENESS & ASSESSMENT

The Board of Directors shall conduct a self-assessment and peer-to-peer assessment annually to identify areas of effective performance and areas in need of improvement. The Governance Committee is responsible for ensuring the Assessment is performed each year. Assessments will be used for Board education and development plans.

The Board may consider using a vendor to conduct the assessment. The Governance Committee will review the results and recommend an education and development plan for the Board as a whole. Peer Assessments will be reviewed by the Board Chair and individual development plans created as necessary and appropriate.

150. BOARD COMMITTEES

The Board of Directors believes it is appropriate to delegate certain duties and authority to Committees. The Board establishes the following standing Board committees and grants them the authority to discharge the duties described in the charter of each committee.

Committees:

1. Budget & Finance Committee
2. Executive Committee

3. Governance Committee
4. Nominations Committee
5. Policy Committee
6. Scholarship Committee (may include members-at-large)
7. Retirement Committee (may include staff as Trustees)
8. ALM Committee
9. Board Compensation Committee

All Directors are expected to rotate through the Governance Committee.

The Board will review each Committee Charter at least annually. The Board may, in its discretion, form a new Committee, or ad hoc Committee, disband a Committee and/or revise Committee functions at any time, with the approval of the Board Chair.

All recommendations by a Committee will be reported to the Board of Directors at the next regular meeting following the Committee's meeting and the full Board may ratify, revise, or alter such recommendations.

160. RELATIONSHIP WITH MANAGEMENT

160.100 BOARD INDEPENDENCE

The Board of Directors will adopt appropriate structures and procedures to ensure that the Board functions independently of management. Those procedures may include executive sessions of the Board, and/or expressly assigning responsibility for administering the Board's relationship with management to a committee.

160.200 COMMUNICATION WITH MANAGEMENT

Communication between Directors and management will, in most cases, be carried out through the office of the President/CEO. When Directors seek clarification or information about the organization, this may be sought directly from appropriate senior management, with notification to the President/CEO. When Directors are providing information about opportunities for the organization or are seeking introduction of persons to the organization, this should always be done through the President/CEO.

The Board and committees shall have direct access to management and staff as necessary or appropriate to carry out their responsibilities. The Board Chair and/or any Committee Chair may request any officer or employee of the Credit Union to attend a meeting of the Board or the committee or to meet with any members of, or consultants, to the Board or the committee.

160.300 DELEGATION TO CEO

The management of the organization shall be conducted by, or under the supervision, of the iQ Credit Union President/CEO and by those other officers and employees to whom the management function is properly delegated by the President/CEO. The Board of Directors, together with the President/CEO, will develop and maintain a position description and employment contract for the President/CEO, which shall define the limits of management's

responsibilities and shall define the organizational objectives for which the President/CEO is responsible.

The Board will monitor the ongoing performance of the President/CEO against those targets set out in the Strategic Plan and such other strategic directives as communicated to the CEO. Details regarding the management of the President/CEO's Annual Performance Review and compensation plan changes are outlined within the Executive Committee Charter.

170. BOARD COMPENSATION & EXPENSES

The Board of Directors is expected to understand and manage increasingly complex financial, business, legal and regulatory matters. The Audit Committee has responsibilities to review and oversee the performance of the Board. The Credit Union must seek well-qualified Directors and Audit Committee members to ensure the continued success of the Credit Union. As permitted by law and the Credit Union's Bylaws, the Board deems it is in the best interest of the Credit Union to provide reasonable compensation to the Board of Directors and Audit Committee for their service to the Credit Union.

Therefore, the Credit Union shall provide the members of the Board and Audit Committee with reasonable compensation for their service to the Credit Union.

170.100 COMPENSATION

For purposes of this Policy, the term "compensation" means anything of value in exchange for services performed by a Director or Audit Committee member and required to be reported as income under federal tax law. Compensation includes a stipend, or such other benefits provided. Compensation does not include the advancement or reimbursement of reasonable expenses associated with Credit Union business related travel, insurance and indemnification payments as provided in WAC 208-400-010(2)(b). The compensated Board and Audit Committee members are not considered employees of the Credit Union for any purpose.

170.200 DETERMINATION OF REASONABLENESS

The compensation for the Board and Audit Committee shall be a set annual stipend payable on a quarterly basis, beginning January 1, 2016, and pursuant to the Compensation Schedule incorporated in this Policy. In establishing the Compensation Schedule, the Board has considered and determined the compensation amounts are: (i) proportional to the duties, responsibilities and services to be performed by the Directors, Audit Committee members and their officers, (ii) reasonable considering the past and current financial condition of the Credit Union, and (iii) comparable to compensation paid by comparable organizations of similar size, location and operational complexity. Additional information regarding this determination shall be included in the minutes of the Board meeting at which this Policy was adopted.

170.300 COMPENSATION SCHEDULE

The Board shall establish a Compensation Schedule and review and update as the need arises.

170.400 CONTROLS

The Board has established the following controls to ensure the compensation under this Policy is reasonable and that such compensation will not lead to material financial risk/loss to the Credit Union.

170.400.10 SUSPENSION OF COMPENSATION

If the Net Worth Ratio of the Credit Union drops below 7.5%, Compensation provided for in this policy will be suspended until the Net Worth Ratio improves to at least this level.

170.400.10.1 COMPENSATION REVIEW

The Board shall regularly review the compensation provided to Directors and Audit Committee members, as to the reasonableness of such compensation. Any changes shall be presented, approved, and included in the minutes of the Board meeting when it was deliberated and adopted.

170.400.20 DISCLOSURES TO THE MEMBERSHIP

Members of the Credit Union shall be informed of the compensation provided to Directors and Audit Committee members.

170.400.20.1 ANNUAL DISCLOSURES

The Credit Union shall provide an annual, written notice to members of the Compensation Schedule for the prior calendar year and the current year, including the names and positions of all compensated Directors and Audit Committee members. The annual notice shall be provided to the members, prior to the annual membership meeting.

Publication of Disclosure

The Compensation disclosure may be provided in one of the following publications, provided the disclosure is conspicuously set apart from other information provided to members:

- Notice of Annual Meeting to members;
- Separate mailing to members;
- Periodic statement to members
- Periodic publication (newsletter) to members;
- Posted electronically on Credit Union's website, or
- Email communication to members.

180. PRESIDENT/CEO COMPENSATION & BENEFITS

The Board of Directors supports a total compensation philosophy for the President/CEO competitive with comparable financial institutions of similar asset size, geographic region, employee size, membership, and operational complexity. The Credit Union's President/CEO compensation program consists of direct compensation and company-sponsored benefit plans.

Each component is designed to achieve a specific purpose and to contribute to a total package directly tied to the performance and attainment of clearly defined goals and objectives.

180.100 COMPENSATION GOALS

The primary goals of the total compensation philosophy are the following:

- Recruitment and retention of a highly qualified President/CEO
- Fair compensation that reflects the President/CEO's responsibility and performance
- Incentive and reward for extraordinary performance
- Sufficient personal reward to encourage a long-term relationship

The board shall establish the President/CEO's compensation in light of these goals and the President/CEO's qualifications, experience, and performance of the President/CEO and the credit union.

180.200 CASH COMPENSATION

The cash compensation of the President/CEO shall be a combination of base salary and incentive. The base salary is guaranteed, while the incentive is dependent upon annual performance.

180.300 CASH COMPENSATION RANGE

The cash compensation range shall be determined by a bi-annual compensation survey conducted by the Executive Committee. Changes in the range must be approved by the full Board in November or December.

This compensation survey shall consist of professional surveys of comparable financial institutions and may include supplemental research with compensation from other sources such as community banks and trade associations.

180.400. PRESIDENT/CEO PERFORMANCE EVALUATION

The Board will conduct an annual performance evaluation of the President/CEO. The evaluation period will run from January 1st of each year through December 31st.

The Board Chair will present the consensus evaluation to the President/CEO by February 15th.

180.500 ANNUAL BASE SALARY ADJUSTMENTS

The precise amount of the base salary will be recommended annually by the Executive Committee and approved by the Board. The base salary shall be within the range established from the compensation survey.

Salary adjustments, if warranted, will be made effective January 1st of each year.

180.600 PERFORMANCE INCENTIVE

An annual performance incentive of up to 29% of the base salary will be tied to achieving annual goals and creating long term value for the Credit Union.

A performance incentive plan will be recommended to the Board each December as part of the Executive Committee's report to the Board. The plan will include the following:

- Criteria to be used in determining the incentive
- Metrics for benchmarks in awarding the incentive

Determination of the incentive award for the previous year will be approved by the Board at the January Board meeting. The incentive will be paid within fifteen (15) days of the January Board meeting.

180.700 BENEFITS

180.700.10 STANDARD BENEFITS

The President/CEO will receive the same standard benefits provided for other full-time employees.

180.700.20 ADDITIONAL BENEFITS

The Board may provide additional benefits to the President/CEO as part of the compensation package. Examples include 457f retirement plan, additional time off, personal use of a company vehicle, first class air travel, etc. These will be negotiated and included in the President/CEO's employment contract.

180.800 EMPLOYMENT CONTRACT

Conditions of employment, including compensation will be detailed in an employment contract between the Credit Union and the President/CEO. The contract will be created by corporate counsel for the Credit Union. The term of the contract may vary from time to time.

190. ETHICS & CONFLICTS OF INTEREST

The Board of Directors and Audit Committee are elected by the members to serve the Credit Union. The Board and Audit Committee are committed to ensuring the integrity of its actions and decisions and to follow the highest standards of moral conduct for the best interests of the members. The Directors and Audit Committee members agree to meet this commitment by conducting their actions with the following principles of ethics and standards of personal conduct:

190.100 CODE OF ETHICS

Each Director, and Audit Committee member shall observe the highest standards of personal conduct relating to the business of the Credit union at all times. A person must be loyal to the Credit Union in their capacity as an official and is expected to subordinate all self-interests to

the interest of the entity to which the duty is owed. They must put the Credit Union first in all dealings.

The duty of loyalty is based upon fiduciary principles. A fiduciary is a person who, through their own undertaking, has voluntarily accepted a duty to act for another's benefit. It prohibits officials from using confidential corporate information for their personal advantage. It requires full disclosure of an opportunity of any possible conflict of interest that may occur in a transaction involving the officials and the corporation.

Directors and Audit Committee members owe a duty of loyalty to the Credit Union and commit to carry out their duties and responsibilities in the best interests of the Credit Union and its members, whose interests must prevail over one's own individual financial interests. No personal favors or special treatment should be expected or accepted. Directors shall perform their duties in good faith, in a manner that they believe to be in the best interests of the Credit Union, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

190.100.10 POLICY COMPLIANCE

To strictly uphold the laws, bylaws, rules, policies, and regulations relating to the operation of the Credit Union, Directors and Audit Committee members must comply with policy guidelines relating to the Credit Union's operation. They should examine all information, opinions, reports, or statements including financial statements and other financial data to be fully informed about the Credit Union's operations. The Directors and officials shall exercise good business judgment in applying Board policies and ensuring the operations of the Credit Union are conducted in compliance with all applicable laws, rules, and regulations affecting the Credit Union.

190.100.20 CONFLICT OF INTEREST

Directors and Audit Committee members must never use their position for personal profit or gain, must not engage directly or indirectly in any cover-up or obstruction of questionable practices, and must exhibit diligence and a strong sense of honesty in dealing with all Credit Union matters. When a Director or Audit Committee member has a personal interest in a contract, transaction, or relationship to which person, person's family or any business affiliates may be a party, the existence of such interest must be disclosed and the nature of such interest described to the other directors prior to the time any action is taken by the Board or management. The interested party shall abstain from any deliberation in the matter and should take all reasonable steps to avoid the conflict or even the appearance of the conflict.

Directors and Audit Committee members shall conduct their private business and personal activities in a manner avoiding conflict of interest either with the Credit Union or its members. "Conflict of interest" is defined as any situation where an individual has two or more duties or interests, which are not mutually compatible.

No Director or Audit Committee member, or any member of their family (as defined in RCW 26.50.010) shall solicit, accept, or retain any personal benefit from any of the following:

- A member of the Credit Union
- Any individual or organization that is or seeks to be a vendor, customer, or supplier of the Credit Union. A personal benefit is defined as any type of gift, favor, service, loan, fee, or other compensation. Exceptions to these prohibitions are limited strictly to normal business courtesies where there is full disclosure and no improper influence or the appearance of improper influence to the performance of the officer, employee, director, or committee members.

Representation of the Credit Union members is an important function. Directors and Committee members must exhibit the highest integrity in their positions while conducting Credit Union business. Directors and Committee members shall not conduct business related to their personal employment while conducting Credit Union business.

Employees, Directors, Officers, or other committee members of other financial institutions will be ineligible to serve as employees, Directors, Officers, or other committee members.

No Director, Officer, Audit Committee member or employee of the Credit Union may have a pecuniary interest in any contract or transaction with the Credit Union unless this interest is disclosed and made known to the Board of Directors. No Director or Committee Member of the Credit Union shall participate in the deliberation of any question affecting their own pecuniary interest. Such Director or Audit Committee member shall withdraw from the deliberation and decision upon such interest. For the purposes of this section, decisions on matters that apply generally to the Credit Union membership or to a particular type of account or service (such as rates, fees, board compensation or policies for services) do not create a conflict of interest.

Directors and Audit Committee members are encouraged to be active and involved participants in the community. However, no director or audit committee member shall serve as a Director of a Board without disclosure to the Chair of the Credit Union Board, except for a 501(c)3 nonprofit organization.

The Credit Union will act with trade associations and other Credit Unions only to further ethical and beneficial social objectives and will not participate in business activities that are or could be construed to be in violations of anti-trust laws.

190.100.30 ONE VOICE BOARD

The Board of Directors will follow open, democratic procedures in the nomination and election of officials and in their formulation of Credit Union policy and practices. The Board is responsible for overseeing the management of the Credit Union. The Board and Audit Committee do not manage or operate the Credit Union. In conducting the

Board's business, Directors will conduct themselves in a professional, respectful manner toward other Directors as well as Credit Union staff. Expression of different views on topics being considered is healthy and desirable to facilitate the best decisions by the Board. Directors agree to support those decisions and policies as a unified voice.

190.100.40 CONFIDENTIALLY

While public disclosure is essential on matters of common knowledge, matters of confidentiality must be treated as such. Information and discussions about confidential Credit Union business must be held in strict confidence to protect the privacy of member information. Disclosure of financial conditions or transaction of members shall be coordinated by management and can only be made with the written approval of the member, in accord with due legal process or in accordance with law.

The Credit Union is the recipient of a variety of confidential information including plans, forecasts, strategies, decisions, problems, capabilities, intentions, contingencies, and timing of actions by members and individuals dealing with the Credit Union. The protection and proper use of this information is essential to ensure sound business decisions by Credit Union management and staff.

Under no circumstances will confidential information be used for one's own or anyone else's personal benefit. Such confidential information shall not be divulged to any person outside the Credit Union. This includes family members, business clients, or associates of any director or committee member, other credit unions, or financial institutions. Unauthorized disclosure of confidential information violates the policy of this Credit Union and constitutes grounds for suspension or removal.

No financial or other information regarding the Credit Union or any of its activities that could reasonably be expected to affect the Credit Union's position in the general community is to be related to any person not employed by the Credit Union. Any other Credit Union matter shall not be related to any person who is not an officer, employee, director, committee member, or agent of the Credit Union until such information has been made available to the Credit Union members and general public.

190.100.50 INVESTMENTS

No financial investment, direct or indirect, in any vendor, customer or supplier of the Credit Union is permitted except as outlined below. The Chair of the Board must approve any exceptions in advance. This prohibition applies to all Directors, Audit committee members, and their families and to all forms of investment including, but not limited to, securities, investment in a proprietorship, joint ventures, or similar business activities.

Financial investments are permitted in companies who are vendors, customers and/or suppliers if such investments are in publicly traded securities, or if it is otherwise clear such investments are not being made on any terms that are more favorable than those terms available to the general public.

Personal investments or investments of immediate family members should never involve the use of any confidential information which might be considered to be “insider information,” i.e. information not publicly disclosed.

190.100.60 POLITICAL ACTION

It is the Credit Union’s policy not to contribute money, property, or services to any government official, political party, or candidate, whether local, state, or federal, with the exception of contributions made on a non-partisan basis in accordance with this Governance Policy. Directors and Audit Committee members may, and are encouraged to, engage in any governmental, regulatory, and elective process in which they are interested. This participation may be on an individual basis, group basis, or as a member of a political action committee. Since the Credit Union is without preference as to political parties, candidates, and opinions, each Director and Audit Committee member must act only on his/her own behalf and not represent that he/she represents the Credit Union in such activities or views.

190.100.70 PUBLIC RELATIONS & COMMUNICATIONS

The Credit Union has a policy of maintaining good relations with all news media and tries to accommodate media inquiries. However, there is much information concerning the Credit Union that should not be made available to the public. This includes information about corporate sponsors or individual members, which the Credit Union has a responsibility not to divulge as well as information which might be valuable to a competitor. For these reasons, any inquiry made to a Director or Audit Committee member about the Credit Union by the media should be referred to the Chair, President/CEO, or the SVP Chief Administrative Officer

No Director or Audit committee member will use any official Credit Union material (e.g. stationary) for personal or non-job related purposes, particularly when such use would reflect unauthorized affiliation or imply endorsement by the Credit Union, or makes reference to Credit Union employment or affiliation in matters of personal dispute. Any correspondence regarding Credit Union business other than in the normal course of business shall be reviewed by the Chair of the Board, the President, or the SVP Chief Administrative Officer prior to mailing and copies shall be retained at the Credit Union office.

190.100.80 FINANCIAL RESPONSIBILITY

All Directors and Audit Committee members should conduct their financial affairs in such a responsible manner as to be above criticism. The following list is not exhaustive but is intended to be a guide for responsible financial conduct:

1. Prompt payment of personal bills and debts.
2. Avoidance of overdrafts in personal checking accounts.
3. Use of any Credit Union credit cards, expense account, reimbursements, equipment, and supplies only for official Credit Union use.

4. Strict compliance of lending policies with Director, officer, and employee loans

190.100.90 PERSONAL CONDUCT

Dishonesty. This Credit Union is required by Washington law and the National Credit Union Administration to consider ineligible for employment any individual who fails to fulfill his or her legal duties and obligations. The Directors and Audit Committee members agree the standards for their performance shall be no less than management or employees. Any Director or Audit committee member who commits an act constituting breach of trust or dishonesty, i.e. theft, fraud, or falsification of Credit Union records, will be subject to suspension or removal from office.

Impermissible Practices. It is the Board of Directors' responsibility to thoroughly investigate the occurrence of any impermissible practice and to discipline appropriately any responsible person, including Directors and Audit committee members, up to and including termination or removal from office. Impermissible practices include but are not limited to the following:

1. Security risks in any action by an Officer, employee, Director, or Audit committee member that may adversely affects the Credit Union.
2. Release of confidential information or use of confidential information for personal gain.
3. Unauthorized possession, distribution, or use of any illegal substance.
4. Inability to perform work or responsibility due to consumption of alcohol or any other controlled chemical substance.
5. Removal or borrowing of Credit Union property without permission.
6. Persistent financial irresponsibility.
7. Making any threat to a member or Credit Union employee.
8. Unlawful use or possession of a weapon(s).
9. Willful destruction or waste of property belonging to the Credit Union or members.

Receipt of Gifts. All Directors and Audit Committee members agree to report the receipt of "substantial value" in accordance with the Credit Union's Conflict of Interest policy. While this policy may be revised as circumstances warrant, the requirement is for no disinterested third party to reasonably feel the Director or committee member would have their judgment impaired or compromised by the acceptance of a gift.

190.100.100 ADMINISTRATION AND RESPONSIBILITIES

The primary accountability and responsibility for the Ethics Policy rests with each individual Director and Audit Committee member. Each person has the additional responsibility to demonstrate by example what compliance with the policy means. The Audit Committee function has the responsibility to monitor and insure the execution of all Credit Union policies. All potential Directors and Audit Committee members shall review and sign this policy and disclosure before consideration for office.

These moral and ethical principles constitute the basis upon which Credit Union’s Board of Directors and Audit Committee will serve the Credit Union members. By acknowledging these guidelines, the Directors and Audit Committee members commit to exhibit integrity and honesty in all of their actions.

Date of Board Approval	Change Log	Primary Management Contact
1/20/2021	Policy Adopted	Eric Petracca, President/CEO
6/16/2021	Bylaws Alignment	Eric Petracca, President/CEO
8/18/2021	In-person meeting requirement	Eric Petracca, President/CEO
10/27/2021	Section V. Board Effectiveness & Assessment updated.	Eric Petracca, President/CEO
5/18/2022	Numbering update for policy in entirety. Section 180. President/CEO Compensation & Benefits added to policy	Eric Petracca, President/CEO, Governance Committee
11/3/2023	Section 130.100 added effective date for term limits, Section 130.200 voting eligibility added, updated 150. Board Committee members, removed section in 170.200 comparable to compensation.	Eric Petracca, President/CEO, Governance Committee
11/20/2024	Section 130.100 added board chair successors	Eric Petracca, President/CEO, Governance Committee