

October 2025

Dear Member:

Thank you for your interest in serving your credit union. We are pleased to consider your application as a candidate for election to the Board of Directors or Audit Committee.

An optional informational meeting will be held on Wednesday, October 22, at 3:30 p.m. in the Collaboratorium Room at STCU Headquarters, 1620 N Signal Drive, Liberty Lake, WA 99019. At this meeting, you will be given a packet of materials that provides important information about the duties, responsibilities, and expectations of our Board of Directors and Audit Committee, and the time commitment necessary to serve. You are highly encouraged to attend this meeting to learn more about your credit union and what is involved in serving as a Board or Audit Committee member.

Both your application and the Conflict of Interest Disclosure Form must be completed, signed, and submitted by November 30, 2025.

Email to: marys@stcu.org

Or mail to: STCU
Attention: Mary Steppe
1620 N Signal Drive
Liberty Lake, WA 99019

The Nominating Committee will conduct interviews of potential candidates in January. This process will be used to narrow the candidate pool to a maximum of two candidates per position using an objective rating system based on your qualifications, interview, and the information included in your application. Additionally, candidates will be evaluated for their interest and ability to serve as Affiliate Committee Members, who are voting members of board committees, receive a quarterly stipend, and generally are expected to be leading candidates for open board seats.

Voting by the credit union membership will begin March 1, 2026, and continue through March 13, 2026. The candidates elected will commence their three-year term as of the annual meeting in April 2026.

Again, thank you for your interest in serving STCU. If you plan to attend the informational meeting on October 22, 2025, please RSVP to Mary Steppe at marys@stcu.org or (509) 344-2592. If you have any other questions, don't hesitate to contact Mary.

Sincerely,

Addy Hatch
Nominating Committee Chair

----- This Page Left Intentionally Blank -----

STCU

APPLICATION FOR NOMINATION

I am applying for nomination to: <input type="checkbox"/> STCU Board of Directors <input type="checkbox"/> STCU Audit Committee	If you're not completing the application on-line, please return any hard-copy completed forms to: Mary Steppe STCU Administration 1620 North Signal Drive Liberty Lake, WA 99019 Or drop off at a branch location near you
Name:	
Member No.:	
Address:	
Home Phone:	<u>DEADLINE: NOVEMBER 30, 2025</u> Complete information must be written on this form. Any other material will be discarded.
Work Phone:	
Cell Phone:	
Email:	

- ☐ Please check if you would be interested in serving as an affiliate committee member on a board committee if you are not elected in the March 2026 elections.
- ☐ Please check if you are currently an affiliate committee member and would like to continue serving if not elected in the March 2026 elections.

■ EMPLOYMENT HISTORY

	Employer	Dates	Positions
Current position:			
Previous positions:			

■ FORMAL EDUCATIONAL BACKGROUND

Degree Program	Institution	Year	Major	Minor
Bachelors				
Masters				
Doctorate				
Other				

■ FINANCIAL LITERACY SKILLS

After reviewing the financial literacy skills and training requirements information provided in the application packet, do you feel you currently have the required skills? ☐ Yes ☐ No

If no, are you willing to participate in the required training within six months of your election?

☐ Yes ☐ No

■ COMMUNITY OR MISCELLANEOUS SERVICE

■ ACCOMPLISHMENTS/EXPERIENCE PERTINENT TO THIS POSITION

■ PRIMARY REASONS FOR SEEKING THIS POSITION

- If you are nominated, your name and picture (along with your education, experience and community service information provided on this application) will appear on the ballot during election time. **In less than 100 words (count every word)**, please type or print your statement to the members that you would like to appear with the other information. **This will be produced exactly as it is written on this application. No editing of content will be provided.**

I authorize STCU to do a credit and background check. I agree I will not campaign on STCU property during the election period.

Signature

Date

NOTE: The above information will be used to inform STCU members of your qualifications. The credit and background check will be kept confidential.



CONFLICT OF INTEREST DISCLOSURE FORM

(Please answer each question "Yes" or "No")

Name: _____ Position: _____

1. Are you employed by or do you have a material ownership, financial, or other interest either directly or indirectly, in:		<input type="checkbox"/> Yes <input type="checkbox"/> No
a. A competing institution or financial services company of STCU such as a bank, securities or insurance firm, or finance company? If yes, please describe:		
b. A vendor, customer, contractor or supplier of goods or services or other principal dealing with STCU or other financial institution? If yes, please describe:		<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Are you participating in any business ventures with members or are you indebted to members or vendors other than recognized lending institutions? If yes, please describe:		<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Do you currently have a relative employed at STCU? Relative (or "family member") is defined as one of the following: Relationships by blood: parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, and niece. Relationships by marriage: husband, wife (as defined by statelaw), step-parent, step-child, brother-in-law, sister-in-law, father-in-law, mother-in-law, son-in-law, daughter-in-law. Other relationships: Any person with whom the employee has a close personal relationship such as a domestic partner, romantic partner, or cohabitant (roommate). If yes, please list name of relative.		<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Are there any circumstances or any other matters of a personal or family nature, direct or indirect, which could conflict with the interest of STCU? If yes, please describe:		<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Are you a director or board member of any company, corporation or organization outside STCU? If yes, please describe:		<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Are there any professional relationships others could perceive as a conflict of interest in performing your duties as an STCU official? If yes, please describe:		<input type="checkbox"/> Yes <input type="checkbox"/> No

7. Are you a volunteer member or official for any credit union trade or professional association? If yes, please describe:	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Have you received gratuities or gifts from any STCU vendors, contractors, or service provider? If yes, please describe:	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Would any immediate family members answer affirmatively to any of the above questions to the best of your knowledge? If yes, please describe:	<input type="checkbox"/> Yes <input type="checkbox"/> No
10. Have you ever been convicted of a crime? If yes, please describe:	<input type="checkbox"/> Yes <input type="checkbox"/> No
11. Do you have any actual or perceived conflicts of interest that may not have been addressed above? Please list.	<input type="checkbox"/> Yes <input type="checkbox"/> No

FOR BOARD/AUDIT COMMITTEE ONLY

I certify that:

- I have received and reviewed the Bank Bribery Act and Conflict of Interest Policy and that the information listed above is complete to the best of my knowledge.
- Should a potential conflict arise during the next year, I will bring it to the attention of the Chair or Vice Chair of the Board.
- I have received and reviewed the STCU Officials Duty of Care Policy.
- I have received and reviewed STCU Leadership Code of Ethics and Business Conduct Policy, and I agree to follow and be bound by its terms for myself and my immediate family.

Print Name: _____

 X
 Signature

 Date

FOR MANAGEMENT ONLY

I certify that:

- I have received and reviewed the Bank Bribery Act and Conflict of Interest Policy and that the information listed above is complete to the best of my knowledge.
- Should a potential conflict arise during the next year, I will bring it to the attention of the Chair or Vice Chair of the Board.

Print Name: _____

 X
 Signature

 Date

SECTION IV - STANDARDS OF CONDUCT
BANK BRIBERY ACT AND CONFLICT OF INTEREST POLICY and STANDARDS

Adopted: 01/00 Policy Revised: 03/16 Standards Revised: 02/21 Page 1 of 5

BOARD APPROVED POLICY:

OVERVIEW:	In order to prevent any conflict of interest issues, STCU employees and officials are prohibited from engaging in any activities prohibited by the federal Bank Bribery Act, 18 U.S.C. § 215, and the relevant NCUA Rules and Regulations.
NCUA RULING:	NCUA Interpretative Ruling and Policy Statement #87-1 provides guidance for legitimate exceptions which are outlined in the standards below.
Disclosure Requirements:	The Leadership Team and STCU officials will be required, on an annual basis, to complete and sign a Conflict of Interest Disclosure Form. The chair and vice chair of the Board of Directors and the president/CEO will be responsible to review the forms for any potential conflict of interest. In the event a conflict exists, the chair, vice chair, president/CEO, and the employee/official will take appropriate steps to resolve the conflict. The forms will be retained in the Administration Department.

STANDARDS:
(Revised: 02/21)

BANK BRIBERY ACT: The Bank Bribery Act (BBA) is a federal law that prohibits credit union officials and employees from giving, offering, promising, demanding, accepting, or agreeing to accept anything of value from any person intending to be influenced or rewarded in connection with any business or transaction of the credit union.

Under the BBA, STCU's employees, directors, committee members, agents, and attorneys are prohibited from corruptly offering to, or accepting from, any person anything of value in connection with any business or transaction of the credit union. Therefore, it is the policy of STCU to require all employees to adhere to the prohibitions of this policy with regard to all business or transactions at STCU.

CONFLICT OF INTEREST: A financial institution's reputation for integrity is a valuable asset and is directly affected by the conduct of its employees. Positions may not be used to gain personal profit or advantage for themselves or family members. Employees are expected to recognize and avoid those situations where personal or financial interest or relationships might influence, or appear to influence,

SECTION IV - STANDARDS OF CONDUCT
BANK BRIBERY ACT AND CONFLICT OF INTEREST POLICY and STANDARDS

Adopted: 01/00 Policy Revised: 03/16 Standards Revised: 02/21 Page 2 of 5

the employee's judgment on matters affecting STCU. Although employee volunteerism for community and charitable organizations is encouraged, service as an officer, director, or employee for a competing entity, trade group, or vendor may be a conflict of interest and must be approved by the executive management team.

STCU recognizes and respects that employees may take part in legitimate financial, business, and other activities outside of their positions with STCU.

Conflicts of interest or the appearance of conflicts of interest between the interests of individuals and STCU must be disclosed and action must be taken by the individual to avoid such a conflict. Employees will conduct their private business and personal activities in a manner avoiding conflict of interest either with STCU or its members. A conflict of interest exists when a person:

1. Engages in an activity that could prevent the person from fully and impartially discharging their duties and responsibilities to STCU, or
2. Engages in any activity that is not in the best interest of STCU.

The appearance of a conflict of interest exists when an employee maintains a business relationship with a related party in which one party has the ability to exercise influence over business decisions that might unfairly provide an advantage to the related party or the employee.

Examples of such activities could include where the credit union or a credit union affiliate is asked to enter into a contract or business relationship with another entity in which the employee also holds an ownership interest. In order to avoid a conflict, or the appearance of impropriety, STCU prohibits employees from transacting business with related parties unless such transactions have been specifically approved by the Board chairperson or president/CEO and are otherwise in compliance with this policy.

PROHIBITED ACTIONS:

STCU employees with duties relating to the Mortgage Department may not have outside employment in mortgage lending, real estate, or a related field. In the event that a STCU employee obtains outside employment in mortgage lending, real estate, or a related field, the employee may not receive a sales

SECTION IV - STANDARDS OF CONDUCT
BANK BRIBERY ACT AND CONFLICT OF INTEREST POLICY and STANDARDS

Adopted: 01/00 Policy Revised: 03/16 Standards Revised: 02/21 Page 3 of 5

commission from the employee's outside employment if the employee refers a loan to STCU in the employee's capacity with the outside employment.

No employee, or any member of their family (including spouse, parents, children, brothers, sisters, or other immediate relatives), will solicit, accept, or retain any personal benefit from any of the following:

- A member of STCU
- Any individual or organization that is, or seeks to be, a vendor, member, supplier, or strategic partner of STCU

A personal benefit is defined as any type of gift, favor, service, loan, fee, or other compensation. Exceptions to these prohibitions are strictly limited to normal business courtesies where there is full disclosure and no improper influence, or the appearance of improper influence, to the performance of the employee.

**NCUA
ALLOWABLE
EXCEPTIONS:**

Based on guidance in NCUA IRPS #87-1, and realizing that legitimate exceptions exist, STCU allows the following:

- Payments of bona fide salary, wages, and fees or other compensation, whether paid or reimbursed, when these payments are made in the usual course of business
- Acceptance of gifts, gratuities, or favors based on obvious family or personal relationships (with parents, children, spouses) where circumstances are clear that the relationship, rather than STCU business, is the motivating factor
- Acceptance of meals, refreshments, or entertainment all of reasonable value (not to exceed \$100 per individual) and in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions, provided these expenses would be paid for by STCU as a reasonable business expense
- Acceptance of gifts, gratuities, or favors (not to exceed \$100 per individual) for marketing, promotional, or event-related items given in the course of a bona fide business meeting, conference, workshop, or other occasion by an association, vendor, or consultant

SECTION IV - STANDARDS OF CONDUCT
BANK BRIBERY ACT AND CONFLICT OF INTEREST POLICY and STANDARDS

Adopted: 01/00 Policy Revised: 03/16 Standards Revised: 02/21 Page 4 of 5

- Acceptance of a prize at a bona fide business meeting, conference, workshop, or other occasion that is a result of a drawing, door prize, game of chance, or other random selection at which all attendees or participants at the event have an equal opportunity to participate and to be a winner
- Acceptance of loans from other financial institutions on customary terms to finance usual activities such as home mortgage loans, except where prohibited by law
- Acceptance of advertising or unsolicited promotional material of nominal value such as pens, notepads, key chains, calendars, or similar items
- Acceptance of discounts or rebates on merchandise or services that do not exceed those available to other credit union members or the general public
- Acceptance of gifts of reasonable value that are related to commonly recognized events or occasions such as a holiday, promotion, wedding, or retirement
- Acceptance of civic, charitable, educational, or religious organizational awards in recognition of service and accomplishment
- Activities not identified above may be approved on a case-by-case basis. Where an employee is offered or receives something of value beyond what is authorized herein (e.g., gift card, cash), an employee must submit a written disclosure of all relevant facts to the director of human resources who will work with the compliance manager to review the disclosure. A follow-up approval or denial will be sent to the employee and their immediate manager.

**NCUA
PROHIBITED
ACTIVITIES:**

In addition to the BBA conflict of interest prohibitions, the following actions are not permitted in accordance with NCUA Rules and Regulations, as it pertains to:

- Loans and Lines of Credit to Members
Section 701.21(c) (8) states that it is a conflict of interest for a credit union official, employee, or an immediate family member to receive a direct or indirect commission, fee, or other compensation in connection with any loan

SECTION IV - STANDARDS OF CONDUCT
BANK BRIBERY ACT AND CONFLICT OF INTEREST POLICY and STANDARDS

Adopted: 01/00 Policy Revised: 03/16 Standards Revised: 02/21 Page 5 of 5

the credit union makes.

STCU does not permit dual employment in which an employee who works in any capacity of mortgage lending at STCU cannot obtain outside employment in mortgage lending, real estate, or a related field.

As an exception to the above rule, in accordance with WAC 208-444-020, the Board of Directors has the authority to approve incentive programs for a specified period. (See Compensation Policy)

- Loans and Lines of Credit to Officials
Section 701.21(d)(5) states that a conflict of interest exists when preferential rates, terms, and conditions are granted on a loan or line of credit made to or endorsed or guaranteed by any of the following:
 - An official of the credit union
 - An immediate family member of an official
 - An individual who has a common ownership, investment, or other financial interest in a business enterprise with an official or immediate family member of an official

An "official" is any member of the Board of Directors or Audit Committee, any Board or Audit Committee affiliate committee member, or any Board or Audit Committee emeritus member.

RELATED DOCUMENTS: [Base Compensation and Incentive Pay Programs Policy](#)
[Whistleblower \(Reporting Illegal, Fraudulent and Dishonest Conduct\) Policy](#)
[Conflict of Interest Disclosure Form](#)

CONTENT PROVIDERS: Tracy Ballard – tracyb@stcu.org
Jody Gentemann – jodyg@stcu.org
Lindsey Myhre – lindseym@stcu.org

**STCU OFFICIALS DUTY OF CARE AND EDUCATION
POLICY and STANDARDS**

Adopted: 05/06 Policy Revised: 06/23 Standards Revised: 06/23 Page: 1 of 6

BOARD APPROVED POLICY:

OBJECTIVE: STCU officials (officials) serving STCU membership include Board of Directors, Audit Committee members, affiliate committee members (ACMs), and board emeritus members.

Under RCW 31.12.267 and other relevant law, board members stand in a fiduciary relationship to the credit union and must discharge the duties of their respective positions: 1) in good faith; 2) with the care an ordinary prudent person in a like position would exercise under similar circumstances; 3) having taken reasonable measures to be and remain appropriately informed and 4) in a manner the director reasonably believes to be in the best interests of the credit union.

CORE COMPETENCIES: To build and sustain a successful and effective board, a list of core competencies for board members has been developed. Proficiency in these core competencies is intended to help develop and build a successful board member and board. The following four competencies are determined to be the most important:

- Decision Quality
- Strategic Agility
- Member Focus
- Self-Development

Board members are expected to strive to be proficient in each of these core competencies. These competencies will be utilized to help individual board members, and the board, evaluate themselves and each other.

NEW BOARD/ AUDIT COMMITTEE MEMBERS: New Board and Audit Committee members will be expected to actively participate in the business of the Board and/or Audit Committee and will be provided with the necessary tools to successfully start as a new Board/Audit Committee member.

EDUCATION: An orientation will be provided for all new members of the STCU Board of Directors, Audit Committee or ACMs. A description of education expectations, and the resources to achieve those expectations, is outlined in this policy. STCU will provide opportunities and funding through the education/travel budget for officials to acquire the skills needed to meet these expectations. These opportunities may be provided through internal training, external training, self-education, or a combination of these activities. STCU and the officials will document the officials' experience, education, and training to

**STCU OFFICIALS DUTY OF CARE AND EDUCATION
POLICY and STANDARDS**

Adopted: 05/06 Policy Revised: 06/23 Standards Revised: 06/23 Page: 2 of 6

meet these requirements in compliance with this policy.

Financial Competency: According to NCUA Regulation 701.4, board members are expected to exhibit a certain base level of financial skills consistent with the size and complexity of STCU's operations. At a minimum, board members must have the ability to read and understand STCU's balance sheet and income statement. While this NCUA regulation is directed towards board members, it is STCU's expectation that all officials meet these base levels for financial skills as outlined below:

- Have a working familiarity with basic finance and accounting practices including the ability to read and understand STCU's balance sheet and income statement and other basic financial reports.
- Understand the specific activities in which STCU engages and how they may affect income, expense, and risk associated with STCU's operations.
- Ask, as appropriate, substantive questions of management, auditors, or examiners.

The recruitment and nomination process will incorporate financial literacy skill levels as a part of the interview process for applicants and nominees. If officials do not have the requisite skills when elected or appointed, they must complete basic financial literacy training which will be provided within the first year of service.

Board Certification: All board members will be required to complete a certification program that covers many areas of governance including financial literacy, board governance, strategic planning, risk management, CEO relations, etc. Certification options include:

- STCU's LMS (EmpowerU) - STCU Board of Directors Certification
- CUES – Certified Credit Union Director (CCD)
- CUNA – Certified Credit Union Board member (CCUB) (CCUSC)
- NAFCU – Certified Volunteer Expert (NCVE)
- NACD (Nat'l Association of Corporate Directors Fellow)
- Other certification programs and/or experience as may be submitted and approved by the Board Governance Committee

New board members are strongly encouraged to obtain certification by the end of their first year, with completion required by the end of their first term.

Audit Committee Certification: All Audit Committee members will be required to complete a certification program that covers areas related to the responsibilities of the Audit Committee. Certification options include:

**STCU OFFICIALS DUTY OF CARE AND EDUCATION
POLICY and STANDARDS**

Adopted: 05/06

Policy Revised: 06/23

Standards Revised: 06/23

Page: 3 of 6

- STCU's LMS (EmpowerU) - STCU Board of Directors Certification
- CUNA – Certified Credit Union Certified Credit Union Supervisory Committee member (CCUSC) NAFCU – Certified Volunteer Expert (NCVE)
- Other certification programs and/or experience as may be submitted and approved by the Audit Committee

New Audit Committee members are strongly encouraged to obtain certification by the end of their first year, with completion required by the end of their first term.

Continuing Education:

Officials should continue to improve themselves and stay abreast of fiscal and economic policies, the world financial situation, and the use of technology. This can be accomplished through conferences, webinars, or publications.

Conventions and Meetings:

It is an expectation that the Board and Audit Committee members actively participate in their education. They are encouraged to participate in a variety of educational opportunities and provide a conference summary which can be either reported at a board or Audit Committee meeting and/or posted on the board portal.

Technology Skills:

Technology is an integral part of delivering STCU products and services, and the Board and Audit Committee member is required to achieve computer literacy in many areas including use of the board portal, virtual meeting options (such as GoToMeeting, Zoom, etc) webmail, email, the internet, and home banking. With these skills they will be able to:

- Receive/review/comment on reports, minutes, and any financial or strategic analysis electronically via the board portal
- Communicate with each other and management through webmail including attachments
- Understand and utilize technology-related services available to STCU members
- Understand how technology in general may impact STCU

ATTENDANCE REQUIREMENTS FOR BOARD/ AUDIT COMMITTEE:

Board Meetings:

In accordance with STCU's bylaws, regular meetings of the Board shall be held at least six times each calendar year, with at least one of those

**STCU OFFICIALS DUTY OF CARE AND EDUCATION
POLICY and STANDARDS**

Adopted: 05/06

Policy Revised: 06/23

Standards Revised: 06/23

Page: 4 of 6

meetings held in each calendar quarter. The date of each meeting will be set by the Board. A majority of the Board shall constitute a quorum.

Members of the Board of Directors must follow these attendance requirements.

Attendance Methods

Attendance at meetings of the Board of Directors may take place in person or virtually via audio or video methods.

The board member must notify the Board chair and Board Secretary in advance if they wish to attend a meeting via virtual methods. The Board chair will verify by roll call those attending via virtual methods and such roll call will be noted in the minutes.

Excused Absence

Section 31.12.235(2a) of the Revised Code of Washington indicates that:

"If a director is absent from more than one-fourth of the regular board meetings in any twelve-month period in a term without being reasonably excused by the board, the director shall no longer serve as a director for the period remaining in the term."

The Board of Directors shall excuse absences under the following conditions:

1. If the member is in attendance at a conference, seminar, or meeting and the attendance has been duly noted in advance
2. If the director is excused by a majority vote of the Board.

All excused absences will be recorded in the minutes by the Board secretary.

At least one member of the Audit Committee is encouraged to attend the regularly scheduled board meetings to provide a report.

Annual Meeting:

All Board and Audit Committee members are expected to attend.

Committee Meetings:

Assigned committee members are expected to attend their scheduled committee meetings in order to obtain a quorum to effectively conduct STCU business. All Board members and affiliate committee members are invited to attend committee meetings.

Audit Committee Meetings:

All Audit Committee members are required to attend their scheduled committee meetings to ensure a quorum. Board members are invited to attend.

**STCU OFFICIALS DUTY OF CARE AND EDUCATION
POLICY and STANDARDS**

Adopted: 05/06 Policy Revised: 06/23 Standards Revised:06/23 Page: 5 of 6

Excused Absence

Section 31.12.335(2a) of the Revised Code of Washington indicates that:

"If a supervisory (audit) committee member is absent from more than one-third of the committee meetings in any twelve-month period in a term without being reasonably excused by the committee, the member shall no longer serve as a member of the committee for the period remaining in the term."

The Audit Committee shall excuse absences under the following conditions:

1. If the member is in attendance at a conference, seminar, or meeting and the attendance has been duly noted in advance
2. If the member is excused by a majority vote of the committee

All excused absences will be recorded in the minutes by the secretary.

Planning Sessions: Planning sessions will be conducted each year. The agenda will be set by the Board and management. All Board members are expected to attend, and Audit Committee members may attend if they wish to.

**STANDARDS:
(Revised:06/23)**

**INSURANCE
COVERAGE:**

Accidental Death and Dismemberment Coverage: Each official is covered from date of service by a \$25,000 Accidental Death and Dismemberment policy through Zurich American Insurance Company. This coverage is paid for by STCU and provides coverage 24 hours a day, 7 days a week. Coverage is for accidents only. The policy does not pay benefits for loss caused by sickness.

Coverage will remain in affect during the term of the official. An Insurance Plan Summary and Beneficiary Card will be provided to each new official at the beginning of his/her term. Beneficiary changes or claims should be directed to the Board Secretary for processing.

Liability Coverage: Each official is covered from date of service under the Directors, STCU Officials and Employees Insurance Policy CUMIS Special Insurance Package. CUMIS will pay any "loss" that the "insureds" become legally obligated to pay as a result of any "claim" against the "insureds" including

**STCU OFFICIALS DUTY OF CARE AND EDUCATION
POLICY and STANDARDS**

Adopted: 05/06 Policy Revised: 06/23 Standards Revised:06/23 Page: 6 of 6

defense expenses within the limits of coverage. This liability coverage is paid by STCU. Coverage will remain in affect during the term of the official.

**CONTENT
PROVIDERS:**

Board chair
Board Governance Committee
Lindsey Myhre – lindseym@stcu.org

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 1 of 12

BOARD APPROVED POLICY:

OVERVIEW:

STCU Officials (Officials) serving STCU membership include:

- Board of Directors
- Audit Committee
- Board and Audit Committee affiliate committee members
- Board and Audit Committee emeritus members

STCU Leadership Team are employees of STCU to whom policy making implementation is delegated by the Board

STCU Officials and STCU Leadership Team are committed to ensuring the integrity of their actions and decisions and to following the highest standards of moral conduct for the best interest of STCU and its members.

**ACKNOWLEDGEMENT
AND AGREEMENT
REQUIREMENT:**

STCU Officials and STCU Leadership Team will be required to review the STCU Leadership Code of Ethics and Business Conduct Policy and sign the acknowledgement and agreement on the Conflict of Interest Disclosure Form on an annual basis.

CODE OF ETHICS:

STCU Officials and STCU Leadership Team agree to meet this commitment by adhering to the following moral and ethical principles which constitute the basis upon which STCU Officials and STCU Leadership Team will serve STCU's members. By acknowledging the following principles of ethics and standards of business and personal conduct, STCU Officials and STCU Leadership Team commit to act with integrity and honesty in all their actions, including the following:

- 1. To observe at all times the highest standards of business and personal conduct relating to the business of STCU.**

STCU Officials and STCU Leadership Team owe a duty of loyalty to STCU and, therefore, commits to carry out their duties and responsibilities in the best interests of STCU and its members. STCU Officials and STCU Leadership Team will exercise their fiduciary responsibilities and perform their duties in good faith, in a manner that they believe to be in

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 2 of 12

the best interests of STCU, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

- 2. To strictly uphold the laws, bylaws, rules, policies, and regulations relating to the operation of STCU.**

STCU Officials and STCU Leadership Team must comply with policy guidelines relating to STCU's operation. They should examine all applicable information, opinions, reports, or statements, including financial statements and other financial data, to be fully informed about STCU's operations. STCU Officials and STCU Leadership Team will exercise good business judgment in applying STCU policies and ensuring the operations of STCU are conducted in compliance with all applicable laws, rules, and regulations affecting STCU.

- 3. To prevent the use or perceived use of leadership positions for personal, family, or financial advantage or special privilege and to avoid conflicts of interest with STCU policies and operations.**

STCU Officials and STCU Leadership Team must never use their positions 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 complete honesty in dealing with all STCU matters.

When there is a personal interest in a contract, transaction, or relationship to which STCU Officials, STCU Leadership Team, their family members (including spouse, domestic partner, parents, children, brothers, sisters, or other immediate relatives), or any business affiliates may be a party, the existence of such interest must be disclosed. The nature of such interest must be described to the appropriate STCU Official or Leadership Team member prior to the time any action is taken by the Board, Board Committee, Audit Committee, or executive management with respect to the matter. The interested party will abstain from any deliberation in the matter and should take all reasonable steps to avoid the conflict. If there is even the appearance of conflict, including excusing himself or herself from all relevant discussions and decisions, the interested party is to be held to the same standards as if there is an actual

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 3 of 12

conflict.

4. To carry out the duties and responsibilities of the STCU Leadership position to the best of one's abilities and to actively participate in opportunities to increase that knowledge and skill.

STCU Officials are not expected to manage and operate the credit union. The Board is responsible for employing the president/CEO and overseeing credit union operations. STCU Officials, as applicable, should participate actively in the decisions and strategic planning of STCU's operations. They should take the time and effort necessary to prepare for, attend, and participate actively in all appropriate board and committee meetings. In particular, Board and Audit Committee members should make an effort to understand the economic, regulatory, legal, and social environments in which STCU operates, should review and respond to supervisory or regulatory agency examinations, review committee reports, and should consistently fulfill all of the duties of their office.

5. To follow open, democratic procedures in the nomination and election of officials and in the formulation of STCU policy and practices.

In conducting STCU Officials business, they will conduct themselves in a professional, respectful manner towards other Officials as well as STCU staff. Expression of different views on topics being considered is healthy and desirable to facilitate the best decisions by STCU Officials. When decisions are made or policy set by the Board or Audit Committee, individual STCU Officials agree to support those decisions and policies.

While public disclosure is essential on matters of common knowledge, matters of confidentiality must be treated as such. Information and discussions about confidential STCU business must be held in strict confidence to protect the privacy of member information. Disclosure of financial conditions or transactions of members will be coordinated by the STCU Leadership Team and can only be disclosed in accordance with credit union policy and applicable privacy laws.

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 4 of 12

FIDUCIARY DUTIES:

Under RCW 31.12.267 STCU Officials owe fiduciary duties to STCU and must discharge their duties in good faith, with the care an ordinary prudent person in a like position would exercise under similar circumstances, and in a manner the STCU Official reasonably believes to be in the best interests of STCU.

STCU Officials specifically shall exercise their fiduciary duty to the credit union and will adhere to the following standards in exercising their fiduciary duties:

- In all decisions, STCU Officials are to consider the members to be their priority. Once elected, board members represent the credit union and all credit union members, not just "their" constituency.
- Once a decision is made, the Board speaks with one voice.
-

**STANDARDS OF
BUSINESS CONDUCT:**

STCU Officials and STCU Leadership Team agree to adhere to the following standards of business and personal conduct in serving STCU:

**PROTECTION OF
CONFIDENTIAL
INFORMATION:**

**Confidentiality of
Credit Union
Documents:**

STCU Leadership Team provides STCU Officials with documentation regarding the governance and affairs of STCU, including, but not limited to:

- A Board Policy Manual;
- This Code of Ethics Policy;
- Monthly Board minutes, meeting agenda and supporting documents;
- Board resolutions and memoranda of Board and management actions;
- Documents related to the credit union corporate, legal, proprietary operational and employment issues;
- Credit union budget and financial information, business plans and strategies;
- Transaction trends;
- Competitive analyses;

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 5 of 12

- Reports of state and federal examiners;
- Reports of outside auditors and internal auditors; and
- Research and supporting documents provided at credit union planning conferences, retreats and meetings (collectively "credit union documents").

The protection and proper use of credit union documents is essential to ensure sound business decisions by STCU Leadership Team. Credit union documents are considered proprietary and confidential to STCU and shall not be disclosed to any third party, except authorized by regulatory agencies, law enforcement officials, and authorized agents of STCU or as otherwise expressly permitted by the Board chairperson in accordance with the Member Rights Policy.

The credit union documents are and remain the property of STCU and all credit union documents will be returned when an STCU Official or Leadership Team member no longer serves STCU in any such capacity.

**Proper Custody of
Credit Union
Documents:**

The credit union relies on its business records for making sound financial and business decisions; for making representations to its members, regulators, and the media concerning the credit union, and for asserting its legal rights. The accuracy and completeness of these records are critical to STCU.

These records are required to be maintained and disposed of in accordance with established industry standards and STCU's Record Management Program. STCU Leadership Team is responsible to assure that any credit union records, including those reviewed or generated by STCU Officials and any records in the Leadership's custody or control are always securely maintained. In addition, STCU expressly prohibits STCU Officials or STCU Leadership Team from destroying, altering, or falsifying any credit union records when such acts are intended to impede or obstruct the investigation of any governmental or regulatory body or other legal action.

**Protection of Member
Information:**

Any information regarding a member or joint account owner or borrower, including personally identifiable financial information, received or generated by STCU, but excluding publicly available information, ("Member Information") will be held in strict confidence and not disclosed by STCU Officials

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 6 of 12

or STCU Leadership Team except as authorized by the Board or as required by law. Under no circumstances will confidential member information be used for personal benefit. Such confidential information will not be divulged to any person outside STCU.

Confidential information includes family members, business clients, or associates of any STCU Official, employee, agent, or such information from other credit unions or financial institutions. Knowledge of any unauthorized disclosure of member information will be immediately reported to the Board chairperson. Unauthorized disclosure of confidential information is a failure to perform an STCU Official or STCU Leadership Team position that violates the policy of STCU and constitutes grounds for suspension or removal.

**Protection of Credit
Union Information:**

Financial or other information regarding STCU or any of its activities that could reasonably be expected to affect STCU's position in the general community should not be shared with any person not affiliated with STCU except as authorized by the Board or as required by law. Any other STCU matter will not be communicated to or discussed with any person who is not an STCU Official or STCU Leadership Team member until such information has been authorized for distribution to STCU's members and the general public.

INVESTMENTS:

Prohibited Investments: No financial investment, direct or indirect, in any affiliate vendor, member, or supplier of STCU is permitted except as outlined below. The chair of the Board must approve any exceptions in advance. This prohibition applies to all STCU Officials and STCU Leadership Team 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.

Permissible Exceptions: Financial investments are permitted in companies who are vendors, members 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.

Compliance: Personal investments or investments of immediate family members should never involve the use of

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 7 of 12

**CONFLICTS OF
INTEREST:**

any confidential information which might be considered to be "insider information," (i.e. information not publicly disclosed). STCU Officials and STCU Leadership Team are expected to comply with all applicable laws and regulations (federal, state, and local). The use of any STCU information or resource which is in violation of any federal, state, or local law or regulation is strictly prohibited.

The credit union recognizes and respects that STCU Officials and STCU Leadership Team may take part in legitimate financial, business, and other activities outside of their positions with STCU. However, actual conflicts between the interests of individuals and STCU must be disclosed and action taken by the individual to avoid such a conflict. STCU Officials and STCU Leadership Team will conduct their private business and personal activities in a manner avoiding conflict of interest either with STCU or its members. A conflict of interest exists when a person:

1. Engages in an activity that could prevent the person from fully and impartially discharging his or her duties and responsibilities to STCU, or
2. Engages in any activity that is not in the best interest of STCU.

The appearance of a conflict of interest exists when an STCU Official or STCU Leadership Team member maintains a relationship with a related party in which one party has the ability to exercise influence over business decisions that might unfairly provide an advantage to the related party. Examples of such activities could include where the credit union or credit union affiliate is asked to enter into a contract or business relationship with another entity in which the STCU Official or STCU Leadership Team member also holds an ownership interest or is otherwise employed or retained by that entity.

In order to avoid a conflict, or the appearance of impropriety, STCU Officials and STCU Leadership Team are prohibited from transacting business with related parties unless such transactions have been specifically approved by the Board chairperson and are otherwise in compliance with the Bank Bribery Act Compliance provisions (Sec. 8).

Disclosure

STCU Officials and STCU Leadership Team will take

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 8 of 12

Responsibility:

responsibility to avoid any conflict, or the appearance of a conflict, between individual personal interests and the interests of STCU. Outside jobs, investments, personal relationships, or other activities that may lessen the impartiality of a person's judgment or oversight effectiveness must be avoided. STCU Officials and STCU Leadership Team must disclose their outside activities, financial interests, and relationships that may present a possible conflict of interest, or the appearance of a conflict of interest, and obtain written approval from the Board chairperson before accepting any position of authority in an outside business concern that may result in a potential conflict.

If a conflict of interest exists, the individual shall not render services to, represent, or undertake to act, for any outside or competing concern, whether for compensation or not, unless the Board chairperson determines that such relations with the outside or competing concern do not conflict with the interests of STCU and that there is no reasonable likelihood that the relations will influence the person's judgment or actions in performing duties to the credit union, that the person's absence from related deliberations and abstention from relevant votes are satisfactory to avoid the conflict of interest, or that the best interests of STCU will be upheld.

Prohibited Actions:

STCU Officials, STCU Leadership Team, or any member of his/her family will not solicit, accept, or retain any personal benefit from any of the following:

- A member of STCU.
- Any individual or organization that is, or seeks to be, a vendor, member, supplier, or strategic partner of STCU. A personal benefit is defined as any type of gift, favor, service, loan, fee or other compensation. Exceptions to these prohibitions are strictly limited to normal business courtesies where there is full disclosure and no improper influence, or the appearance of improper influence, over the STCU Official or STCU Leadership Team member.

**OUTSIDE
RELATIONSHIPS AND
ACTIVITIES:**

Representation of STCU: Representation of STCU members is an important function. STCU Officials and STCU Leadership Team must exhibit the highest integrity in their positions while representing STCU at any function or when they could be perceived as representing STCU. STCU Officials shall not conduct business related to their personal

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 9 of 12

employment while representing STCU.

Community Participation: STCU Officials and STCU Leadership are encouraged to be active and involved participants in the community. However, no individual will serve as a director of any other organization that provides or supports any financial service business without prior written disclosure to, and approval by, the chair of STCU's Board.

Industry Relationships: STCU 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 violation of anti-trust laws.

Government Relationships: It is STCU's policy not to contribute money, property, or services to any government official, political party, or candidate, whether local, state, or federal, except on a non-partisan basis in accordance with its Political Action Policy. STCU Officials and Leadership Team 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 STCU is without preference as to political parties in partisan matters, each STCU Official and STCU Leadership Team member must act only on their own behalf and not characterise that they represent STCU in such activities or views.

Public Statements and Representations:

Although STCU has a policy of maintaining good relations with all news media and tries to accommodate media inquiries, there is much information concerning STCU that should not be made available to the public. This includes information about corporate relationships, community business partners, individual members, or employees which STCU has a responsibility not to divulge, as well as information which might be valuable to a competitor. For these reasons, any inquiry made to an STCU Official or STCU Leadership Team Member about STCU by the media should be referred to the chair of the Board, president/CEO, or designee.

STCU Officials and STCU Leadership Team will not use any official STCU material (e.g. stationery) for personal or non-

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 10 of 12

job related purposes, particularly when such use would reflect unauthorized affiliation or imply endorsement by STCU, or makes reference to STCU employment or affiliation in matters of personal dispute. Any correspondence regarding STCU business, other than in the normal course of business, will be reviewed by the chair of the Board, the president/CEO, or the designee prior to mailing. Copies will be retained at STCU.

Financial Responsibility:

STCU Officials and Leadership Team 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. Avoid overdrafts in personal checking accounts unless covered by overdraft protection
3. Use of any STCU credit cards, expense account reimbursements, equipment, and supplies for official STCU business only
4. Avoid any requests for waived fees or preferential treatment with any account relationship (except specific employee benefit programs provided to STCU Officials and STCU Leadership Team)
5. Loans are to be funded in strict compliance with lending policies and applicable law
6. Maintain no margin accounts for investing or trading in stocks or other securities

Illegal, Fraudulent or Dishonest Conduct:

STCU is required by Washington State law and the NCUA to consider ineligible for employment any individual who fails to fulfill his/her legal duties and obligations. STCU Officials and Leadership Team agree the standards for their performance will be no less than for employees.

In accordance with the Reporting Illegal, Fraudulent or Dishonest Conduct Policy, any such activity must be reported and will be investigated according to said policy.

Impermissible practices include, but are not limited to, the following:

1. Any action which renders an STCU Official or Leadership Team member an unacceptable security risk or adversely affects STCU

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 11 of 12

2. Release of confidential information or use of confidential information for personal gain
3. Unauthorized possession, distribution, or use of any illegal drug or narcotic
4. Inability to perform work or duties of office due to consumption of alcohol or any other controlled chemical substance
5. Removal or borrowing of STCU property without permission
6. Persistent financial irresponsibility
7. Making any threat to a member, STCU Official, or STCU employee which includes harassment or discriminatory conduct based on age, race, religion, national origin, gender, sexual preference or social-economic status
8. Unlawful use or possession of a weapon/object apparently capable of producing bodily harm
9. Willful destruction or waste of property belonging to STCU or its members
10. Any action materially violating this Code of Ethics

Additional examples of impermissible activity can be found in the Fraud, Dishonesty and Breach of Trust Policy and the Whistleblower Policy (Reporting Illegal, Fraudulent or Dishonest Conduct Policy).

**Bank Bribery Act
Compliance:**

The Bank Bribery Act (BBA) is a federal law that prohibits STCU Officials and STCU Leadership Team members from giving, offering, promising, demanding, accepting, or agreeing to accept anything of value from any person that is intended to influence or reward any business or transaction of STCU. The Board has adopted and maintains a Bank Bribery Act and Conflict of Interest Policy. STCU Officials and STCU Leadership Team agree to comply with said policy.

**Administration and
Responsibilities:**

The primary accountability and responsibility for the STCU Leadership Code of Ethics and Standards of Business Conduct Policy rests with each individual STCU Official and Leadership Team member. Each person has the additional responsibility to demonstrate by example what compliance with this policy means. The Board has the responsibility to monitor and ensure the execution of all STCU policies. All potential STCU Officials will review this policy and sign the agreement and acknowledgement on the Conflict of Interest Disclosure Form before consideration for office.

**STCU LEADERSHIP CODE OF ETHICS AND BUSINESS CONDUCT
POLICY and STANDARDS**

Adopted: 05/03 Policy Revised: 06/2023 Standards Revised: 03/16 Page: 12 of 12

**DISCIPLINARY
PROCEDURES:**

Disciplinary measures, which may be invoked by the Board of Directors, include, but are not limited to, counseling, warnings, oral or written reprimands, probation, declaration of non-qualification, suspension and removal as permitted by law.

Persons subject to disciplinary measures will include not just the violator but any others involved in the wrongdoing such as:

- Persons who fail to use reasonable care to detect a violation
- Persons who, if requested to divulge information, withhold material information regarding a violation
- Supervisors who approve or condone the violations or attempt to retaliate against employees for reporting violations or violators

The Board may suspend for cause a member of the Board or the Audit Committee until a membership meeting is held in accordance with STCU's bylaws. The members attending the meeting will vote whether to remove a suspended party. "Cause" includes demonstrated financial irresponsibility, including bankruptcy, a breach of fiduciary duty to STCU, or activities which, in the judgment of the Board, threaten the safety and soundness of STCU including activities outlined in this policy.

**STANDARDS:
(Created: 06/07)**

**RELATED
DOCUMENTS:**

Bylaws
Bank Bribery Act and Conflict of Interest Policy
Fraud, Dishonesty and Breach of Trust Policy
Member Rights Policy
Conflict of Interest Disclosure Form

**CONTENT
PROVIDERS:**

Board Chair
Lindsey Myhre – lindseym@stcu.org

STCU Board of Directors

Supervisory Scope:

- POLICY (Approval)
- BUSINESS LOAN POLICY (Approval, Annual Review)
- STANDING AND SPECIAL PURPOSE COMMITTEES (Create, Determine Eligibility, Establish Duties, Fill Vacancies)
- REGULATORY COMPLIANCE (Adherence)
- PRESIDENT/CEO (Designation, Compensation, Performance Evaluation)
- STRATEGIC PLAN (Approval)
- ANNUAL OPERATING BUDGET (Approval)
- MEMBERSHIP (Applications+, Expulsion, Fee/Charges+)
- SHARES (Par Value, Minimums, Maximums+, Dividends/Rates+)
- LOANS TO MEMBERS (Amounts+, Terms+, Conditions+)
- RECORDS EXECUTION/CERTIFICATION (Designation)
- LOSSES/CHARGE OFFS+ (Approval)
- DISASTER RECOVERY/CONTINGENCY PLAN (Approval)
- ANNUAL MEETING (Set Date and Place)

Overall Accountability of the Position -- Accountable for:

- Performing duties in a fiduciary manner as required by law.
- Revealing conflicts of interest during Board meetings and maintaining confidentiality regarding credit union business.
- Mandating adherence to regulatory compliance.
- Establishing the Election, Loan, Dividend, Borrowing and Investing, Commercial Arrangements with Third Parties, and Board/Committee Reimbursement Policies as required by regulation.
- Establishing other policies as necessary.
- Establishing the date and place for the annual meeting.
- Creating, determining eligibility, and establishing duties for Standing and Special Purpose Committees; filling vacancies as needed.
- Designating the President/CEO; establishing compensation and evaluating performance.
- Designating persons or positions authorized to execute or certify records on behalf of the Credit Union.
- Approving the annual Strategic Plan and Operating Budget.
- Establishing the conditions for which a member may be expelled for cause.
- Establishing the par value of shares, if any, and the minimum number of shares, if any, required for membership.
- Approving and reviewing annually the Business Loan Policy.
- Reviewing the Audit Committee's Annual Report.
- Maintaining complete records of all its proceedings.
- Approving the Disaster Recovery/Contingency Plan.
- Performing other duties as directed by the membership.
- Delegating the items indicated above with a "+" to a committee, officer, or employee through policy.

STCU Audit Committee

Supervisory Scope:

- ANNUAL CREDIT UNION AUDIT AND MEMBER ACCOUNT VERIFICATION (Ensuring Completion, Reporting, Resolution)

Overall Accountability of the Position -- Accountable for:

- Meeting at least quarterly; performing their duties in a fiduciary manner as required by law
- Keeping fully informed as to the financial condition of the Credit Union and the decisions of the Credit Union's Board
- Performing or arranging for a complete annual audit of the Credit Union and a verification of its members' accounts
- Investigating member concerns expressed to the committee; ensuring a response/resolution for each
- Reporting its findings and recommendations to the Board; making an annual report to the members at each annual membership meeting
- Keeping a complete record of all its proceedings; filing and preserving with the records of this Credit Union

TIME COMMITMENT EXPECTATIONS FOR BOARD AND AUDIT COMMITTEE MEMBERS

Board of Directors

Board Meetings: Our Board currently holds a meeting on a monthly basis on the fourth Monday of the month beginning at 4 p.m. If a Board member is absent from more than one-fourth of the regular board meetings in any 12 month rolling period without being reasonably excused by the Board, by regulatory law they will no longer be eligible to serve on the Board.

Board Committee Meetings: Each Board member is expected to serve on at least one board standing committee. The following committee meets at least on a quarterly basis: Finance/Risk. Other committees include Board Governance, Executive Compensation, and PAC, which meet less frequently. These meetings last from one to one and one-half hours.

Audit Committee Meetings: Board members are welcome to attend Audit Committee meetings, but it is not required.

Annual Planning Retreat: The Annual Planning Retreat is held each year over a two-day period, with a partial third day occasionally required for travel. Attendance is expected from all board members.

Preparation for Meetings: Meeting books are created for each board meeting and committee meeting. Board members are expected to review the material prior to the meeting so they can participate effectively in the discussions and ask any questions that may arise. Review of the board meeting book in detail may take up to two hours. Review of committee meeting books takes less time as typically there is less material to review.

Audit Committee

Audit Committee Meetings: Our Audit Committee currently holds a meeting every other month. The meeting normally lasts two hours. An Audit Committee member is expected to attend at least two-thirds of meetings in any 12 month rolling period. If an Audit Committee member has unexcused absences of more than one-third of the meetings in the 12 month rolling period, by regulatory law they will no longer be eligible to serve on the Audit Committee.

Board Meetings: Audit Committee members are welcome to attend board meetings, but it is not required.

Preparation for Meetings: Meeting books are created for each meeting. Audit Committee members are expected to review the material prior to the meeting so they can participate effectively in the discussions and ask any questions that may arise. Review of the meeting book in detail may take up to two hours.

Financial Literacy and Other Required/Optional Training

Opportunities are provided during the year for financial literacy and credit union industry training through webinars, online computer-based training, and conferences for the Board and Audit Committee members at STCU's expense. Financial competency and certification expectations are outlined in a separate document included in the application packet.

Miscellaneous

Throughout the year there are various opportunities to attend optional STCU events and training.

Financial Competency and Certification Expectations for Board Directors and Audit Committee

Financial Literacy

According to NCUA Regulation 701.4, board directors are expected to exhibit a certain base level of financial skills consistent with the size and complexity of STCU's operations. At a minimum, directors must have the ability to read and understand STCU's balance sheet and income statement. While this NCUA regulation is directed towards board directors, it is STCU's expectation that all board, audit committee, and affiliate committee members (officials) meet these base levels for financial skills as outlined below:

- Have a working familiarity with basic finance and accounting practices including the ability to read and understand STCU's balance sheet and income statement and other basic financial reports.
- Understand the specific activities in which STCU engages and how they may affect income, expense, and risk associated with STCU's operations.

The recruitment and nomination process will incorporate financial literacy skill levels as a part of the interview process for applicants and nominees. Newly elected officials must complete STCU-provided financial literacy training within 6 to 12 months of their election or appointment.

Certification

During a new board or audit committee member's first term (3-years), they will be required to complete a certification program that covers many areas of governance including financial literacy, board governance, strategic planning, risk management, CEO relations, etc.

Training Support

STCU will provide opportunities and funding for officials to acquire the skills needed to meet these responsibilities. These opportunities may be provided through internal training, external training, self-education, or a combination of these activities. STCU and the officials will document education and training to meet these requirements.

Our story

A bell, a shoebox, and \$4,000. Four thousand dollars pooled from a few dozen educators? A shoebox to store cash and receipts? And a bell to signal that a member was calling?

It might not sound like much, but for English teacher, Ernie McElvain, it was enough in 1934 to launch "Spokane Teachers Credit Union" (STCU) and a remarkable story of financial service.

"We opened for business in October of '34," Ernie said, "with a shoebox for cash deposits and a tiny cubby hole of a classroom at Lewis and Clark High School.

"Access to the credit union was difficult in those days, so we hung a bell on a rope outside the second story window and ran it down to the front door. When members wanted to transact business, they'd pull on the rope and let us know they were waiting."

From these humble beginnings, STCU has grown to more than 1,000 employees serving more than 305,000 members at 50 locations.

STCU has become the Inland Northwest's largest and most successful credit union, but we've never forgotten our most valuable asset — our members.

Core Values

Joyfulness – We are hard-wired for kindness. We nurture celebration and positivity. We believe in laughter that strengthens our bonds.

Generosity – In our words and actions, we build up. We handle difficult conversations with compassion. We are helpers, mentors, and servant leaders who desire that others succeed.

Belonging – Through collaboration, we build relationships and partnerships. We value differences, encourage all voices, and listen with intentionality. We connect.

Goodness – We serve with purpose, sincerity, and integrity; always keeping the heart of the member in mind. We strive to do good in all areas of our work.

Striving – As individuals and an organization, we are committed to growth that provides opportunities to serve others. We are a force for good, helping members achieve their financial goals and dreams.

STCU

BOARD OF DIRECTORS 2025-2026

Steven Jones, Chair
Addy Hatch, Vice Chair
Justin Botejue
Catherine Brazil
Mike Rennaker
Bill DeReu
Chris Morlan
Jeff Perkins
Dori Sonntag

Georgia Miller, Emeritus
Margaret Patterson, Emeritus
Jay Walter, Emeritus
John Young, Emeritus
Bob Loomis, Emeritus
Dolores Humiston, Emeritus
Wally Stanley, Emeritus

AUDIT COMMITTEE MEMBERS

Kathryn Gores, Chair
Lisa McCann
Wayne Leonard

Dave Sackville-West, Emeritus

BOARD AFFILIATE COMMITTEE MEMBERS

Kyle Niehenke, Board Governance Committee
Michael Le Roy, Finance Risk Committee
Tyler Whitney, Finance Risk Committee

AUDIT COMMITTEE AFFILIATE COMMITTEE MEMBER

Sally Stopher

ELECTION POLICY and STANDARDS

Adopted: 04/89 Policy Revised: 06/25 Standards Revised: 06/25
Page: 1 of 8

BOARD APPROVED POLICY:

OBJECTIVE:	STCU will conduct all elections for members of the Board of Directors and Audit Committee in accordance with STCU's Bylaws. Voting will be done under a policy established by the Board. The policy will include procedures for nominations and elections and will supersede all other sections of the Bylaws setting forth nomination and election procedures.
CHANGES IN POLICY:	Any changes in this policy must be made after the annual meeting and prior to October 1.
APPOINTMENTS:	The Chair of the Board of Directors will appoint the Nominating Committee no later than at least one hundred twenty (120) days prior to the annual membership meeting and no later than October 1 each year in accordance with the STCU Bylaws and Board of Directors and Committee Structure Policy.
ELIGIBILITY:	<p>In order to qualify to serve on STCU's Board of Directors or Audit Committee, a member must:</p> <ul style="list-style-type: none">• Be eligible for bonding by STCU.• Be a member in good standing.• Be a member prior to August 1 of the current year.• Be a joint owner on an account prior to August 1 of the current year and said joint owner must become a member no later than November 15 of the current year. Joint owner must be able to qualify as a member individually.• Be at least 18 years of age.• Not currently be or have been an employee of the credit union or its subsidiaries.• Not currently be an employee, a volunteer, or on the board of any other financial institution.• Not currently have a relative, as defined by the Employment of Relatives Policy and Standards, either serving on the Board or the Audit Committee or employed by STCU. Upon full disclosure by the affected persons, the Board may make an exception in accordance with the Employment of Relatives Policy and Standards. <p>No person will be allowed to serve on the Board of Directors and the Audit Committee at the same time.</p>

ELECTION POLICY and STANDARDS

Adopted: 04/89 Policy Revised: 06/25 Standards Revised: 06/25
Page: 2 of 8

CALL TO CANDIDATES:

Notice for applications will be published through STCU's electronic systems and in the branches. Completed applications, including personal statements and disclosure questionnaires, must be submitted by the first business day of November.

ORIENTATION OF POTENTIAL CANDIDATES:

An information session will be held ideally during the third or fourth week in October. Interested applicants will be invited to attend.

A packet will be given to interested applicants. At a minimum, it will contain:

- Application for Nomination
- Bank Bribery Act and Conflict of Interest Policy
- Conflict of Interest Disclosure Form
- Election Policy
- STCU Officials Development Reimbursement Policy
- STCU Officials Duty of Care and Education Policy
- STCU Leadership Code of Ethics and Business Conduct Policy
- Employment of Relatives Policy
- Duties and Responsibilities for Board of Directors
- Duties and Responsibilities for Audit Committee
- Financial Literacy Skills and Training Requirements
- Current list of Board, Audit Committee, Affiliate Committee, and Emeritus members
- Information about STCU

NOMINATING PROCEDURES -- POTENTIAL CANDIDATES:

The Nominating Committee may nominate a maximum of two candidates for each open position on the Board and the Audit Committee.

Any board member up for re-election will not be involved in the candidate selection process.

Qualified incumbents seeking re-election and current affiliate committee members must announce their intentions to run for a position by the first business day of November of the year prior to the end of their current term. Current affiliate committee members must complete an application for nomination. All persons intending or applying to run will be evaluated by the Nominating Committee.

Applications will be filed with the Nominating Committee by the first business day of November. Applications will be available electronically through a link on STCU's website. If members do

ELECTION POLICY and STANDARDS

Adopted: 04/89

Policy Revised: 06/25

Standards Revised: 06/25

Page: 3 of 8

not have access to the website and wish to submit an application, they may visit any branch during business hours, and a member service representative can help them complete the application electronically at the branch or print a hard copy for their use.

Only the STCU Application for Nomination Form may be used to submit information. Any additional information submitted will not be reviewed or considered. Applications for incumbents may be kept on file and updated by the incumbent when needed.

Satisfactory completion of a Conflict of Interest Disclosure Form will be required by all applicants and incumbents.

The criteria to be considered by the Nominating Committee include:

- Present and past employment
- Education
- Financial literacy skill level (The potential candidate may either possess appropriate financial literacy or be willing to be trained to have sufficient financial literacy to meet NCUA requirements within six months of election.)
- Community service
- Accomplishments/experience
- Personal statement
- Interview
- Experience as an ACM or voluntary service for STCU
- Good credit record
- Identified needs from the Board Governance Committee

Applications, conflict of interest forms, and an evaluation summary form will be provided to the members of the Nominating Committee for study and completion. The Nominating Committee will review the applications and choose the most qualified applicants who can fill the current needs and core competency expectations of the Board or Audit Committee to move forward to the interview process.

Final candidates will be determined by the end of November so pictures and personal statements by the candidates can be produced for the electronic ballot.

All applicants will be notified of their nomination status by the Nominating Committee chair. Candidates may not run for both the Board of Directors and the Audit Committee.

ELECTION POLICY and STANDARDS

Adopted: 04/89

Policy Revised: 06/25

Standards Revised: 06/25

Page: 4 of 8

The Nominating Committee Chair will provide the Board Chair and Vice Chair with a list of potential affiliate committee members based on the applications received and interviews.

NOMINATION BY PETITION:

Any qualified STCU member who wishes to be placed on the ballot as a candidate for the Board or Audit Committee, and who meets the Board or Audit Committee qualifications, may collect the signatures of 2,000 or 1% of the members of STCU, whichever is greater, and submit a petition to STCU's Nominating Committee at least 60 days before the first day of November.

Petition submission to the Nominating Committee ensures that the maximum of two candidates for each open position is not exceeded. If the required petition signatures are verified as qualified members, the Nominating Committee must include the petitioner on the ballot.

The petition must include the full name of the member in legible printed or typed form and the member's signature in order to verify eligibility of the member. Any illegible names will not be counted towards the required number of petition signatures. Legibility will be determined by the designated voting teller as defined in the STCU Bylaws.

For purposes of eligible petition signatures, joint owners will not be considered eligible members.

PUBLICATION OF CANDIDATES:

Notification of elections will begin in February through statement messages and STCU's electronic systems.

VOTING PERIOD:

The voting period will begin March 1 and continue without disruption until completion of 10 consecutive business days. Prior to and during the voting period, announcements of the voting period will be prominently posted in all branches, on the STCU website, and in statement messages for the months of February and March.

BALLOT PREPARATION:

The names of the candidates will be listed on the ballot in random order. Incumbents and affiliate committee members will be designated as such in the ballot information.

Pictures, personal statements, and the summary of the candidate's education, work-history, and community involvement will be included on the ballot. The personal statement must be prepared by the candidate and limited to 100

ELECTION POLICY and STANDARDS

Adopted: 04/89

Policy Revised: 06/25

Standards Revised: 06/25

Page: 5 of 8

CANDIDATE SOLICITATIONS FOR VOTES:

words. No editing of the personal statement will be allowed by anyone other than the candidate.

Other than the official recorded videos, candidates will not be allowed to solicit votes by:

- Placing election flyers at any STCU location
- Posting on any STCU social media site

Candidates are allowed to canvas in their own workplace and to associates outside of STCU business functions.

STCU's logo and brand can only be used with prior written permission by STCU management.

VOTER ELIGIBILITY:

STCU will ensure that each person voting is eligible to vote in accordance with the Bylaws. Eligibility requirements are listed below:

- Member must be at least 18 years of age
- Member must be in good standing as of the date the member votes
- Member must have been a member since December 31 of the year prior to the election

Memberships held by entities other than natural persons will have one ballot vote which will be cast through an agent duly authorized in writing and identified on the account. No proxy voting will be allowed.

No joint account owner has a right to vote unless he or she is a qualified member. Persons specifically identified on an Account Card as joint owners are not members unless they have separately qualified as members and satisfied the membership requirements. Joint Owners may be separately qualified as members with a proper identification on an Account Card and if they have independently satisfied the requirements for membership and have been approved as qualified members.

VOTING PROCESS:

Voting will be done electronically through a link on STCU's website. If members do not have access to the website and wish to vote, they may visit any branch during business hours and a member service representative can help them vote electronically at the branch.

ELECTION POLICY and STANDARDS

Adopted: 04/89

Policy Revised: 06/25

Standards Revised: 06/25

Page: 6 of 8

COUNTING THE BALLOTS:

The voting results report from the electronic voting system will be run the first business day after the close of the election period. The final report will be verified and signed by an Audit Committee member and a Board Governance Committee member.

The tie-breaking procedure is as follows: Current board members who are not running in that year's elections will review the candidates whose numbers of votes are tied. Through a special meeting as outlined in the Bylaws, these Board members will then vote to break the tie.

Election results will remain confidential until the Board Governance Committee Chair, or an alternate, authorizes release of the results.

ELECTION RESULTS:

A record will be kept of all votes cast. All election results will be determined by plurality vote. The election report containing the results of the vote will be kept on file.

Immediately following confirmation of the voting results, the Nominating Committee Chair, or an alternate, will attempt to contact all the candidates via phone, voicemail, or email and inform them of the results, including the vote count for any or all candidates, if requested. After an attempt to contact all candidates is made, the Nominating Committee Chair, or an alternate, will contact the Board Secretary in order for the results to be released to staff for publication. Letters from the Nominating Committee Chair will be sent to all candidates giving written confirmation of the election results.

Results of the election will be posted on STCU's electronic systems.

The Nominating Committee Chair will report the election results at the annual meeting. This written report will contain the total number of votes cast and the names of those elected.

All ballots will be retained for at least 30 days after the annual meeting.

ELECTION POLICY and STANDARDS

Adopted: 04/89 Policy Revised: 06/25 Standards Revised: 06/25
Page: 7 of 8

STANDARDS; (Revised: 06/25)

TIMETABLE:

- SEPTEMBER:**
1. Board Chair sets annual meeting date, ideally the fourth week of April
 2. Staff prepares application notices
 3. Board Governance Committee Chair announces date for information session, ideally the third or fourth week in October
- OCTOBER:**
1. Applications for potential candidates are made available electronically through the STCU website
 2. Information session is held with meeting announcement posted on the website and digital screens in the branches
 3. Board Chair appoints the Nominating Committee no later than October 1
- NOVEMBER:**
1. Applications will be accepted between November 1 to November 30.
 2. Membership eligibility of incumbents and other candidates verified prior to November 30
- DECEMBER**
1. Nominating Committee processes applicants by the end of December and notifies applicants
- JANUARY:**
1. Candidate pictures and official introductory recordings completed by January 31
 2. Nominating Committee will hold candidate interviews in January.
 3. Nominating Committee Chair will provide a list of potential affiliate committee members to the Board Chair and Vice Chair
- FEBRUARY:**
1. Voting period announced
 2. Ballot preparation completed
 3. Website preparation completed
- MARCH:**
1. Electronic Ballot posted and available
 2. Voting begins March 1 and will continue until completion of 10 consecutive business days
 3. Voting announcements continue
 4. A notice of the annual meeting will be placed in the local newspapers not less than 10 or more than 60 days prior to the annual meeting

ELECTION POLICY and STANDARDS

Adopted: 04/89 Policy Revised: 06/25 Standards Revised: 06/25
Page: 8 of 8

5. Votes totaled and election report prepared
6. Nominating Committee Chair, or an alternate, notifies candidates and officially releases results including an email to the Board and Audit Committee
7. Board Chair will assign a mentor at the April board meeting in the event a new board member is elected

- APRIL:**
1. Nominating Committee Chair presents election report at the annual meeting
 2. Election results announced

- JUNE:**
1. Review Election Policy

RELATED DOCUMENTS:

[Board Affiliate Committee Member Policy](#)
[Bank Bribery Act and Conflict of Interest Policy](#)
[STCU Officials Development Reimbursement Policy](#)
[STCU Officials Duty of Care and Education Policy](#)
[STCU Leadership Code of Ethics and Business Conduct Policy](#)
[Bylaws](#)

CONTENT PROVIDERS:

Board Chair
Lindsey Myhre – lindseym@stcu.org

**SECTION I - EMPLOYMENT
EMPLOYMENT OF RELATIVES POLICY and STANDARDS**

Adopted: 11/08 Policy Revised: 10/21 (L2) Standards Revised: 04/23 Page 1 of 4

BOARD APPROVED POLICY:

OBJECTIVE: STCU makes it a policy to hire and promote the best qualified applicants for all positions, which includes the consideration of relatives as described below. Employment applications from an individual whose employment would result in a manager/subordinate relationship between relatives (or "family members"), or in an actual or perceived conflict of interest, will not be considered.

DEFINITION OF RELATIVES: Relative (or "family member") is defined as one of the following:

Family relationships: parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, and cousin

Relationships by marriage: husband, wife (as defined by state law), stepparent, stepbrother, stepsister, stepchild, brother-in-law, sister-in-law, father-in-law, mother-in-law, son-in-law, and daughter-in-law

Other relationships: any person with whom the employee has a close personal relationship such as a domestic partner, romantic partner, close friend, or cohabitant (roommate)

EXISTING RELATIONSHIPS: Existing relationships established prior to the adoption of this policy that fall within the definition above will be allowed to continue, unless a conflict of interest or compromising situation arises, which includes an employee who is promoted, transferred, or reassigned. These situations will be reviewed on an individual basis by the director of human resources and the vice president from the affected area. Actions taken or decisions made as a result of such review will be based on what is in the best interest of STCU.

EXCEPTIONS: On very rare occasions, an exception may be made to this policy and standards. The exception must be approved by the leadership team. The justification for the exception, and any special expectations, must be documented and will be retained in the Human Resources Department.

**SECTION I - EMPLOYMENT
EMPLOYMENT OF RELATIVES POLICY and STANDARDS**

Adopted: 11/08 Policy Revised: 10/21 (L2) Standards Revised: 04/23 Page 2 of 4

**STANDARDS:
(Revised: 06/25)**

HIRING OF RELATIVES:

Due to potential for perceived or actual conflicts such as favoritism or personal conflicts from outside the work environment, which can be carried into the daily working relationship, no relatives are allowed to work in positions in which one relative directly or indirectly supervises another or has decision-making authority (other than the existing relationships mentioned above). This includes employment, performance reviews, work assignments, transfers, salary, promotion or discharge of another relative. In addition, relatives are not permitted to work in the same reporting line, branch, or department.

Employees who hold positions that have investigative or other involvement in, and/or the ultimate decision-making authority with all departments at STCU, are not permitted to have any relatives working at STCU. These employees (and STCU officials) include, but may not be limited to:

- Board of Directors members
- Audit Committee members
- President/CEO
- Internal Auditors
- Specific positions in Human Resources including leaders and positions responsible for employee relations and leave administration
- Specific positions in Accounting including those responsible for payroll and those with payroll related system access

CONFLICT OF INTEREST:

No relative shall be assigned to a position where a potential conflict of interest exists without an approved exception to this policy. A conflict of interest may exist when an employee has responsibility for reviewing, receiving, or providing input or decision-making about, or auditing the work of, a relative. Conflicts of interest may also exist for a variety of other reasons. This conflict may occur within, but may not be limited to, direct supervisory, functional, or organizational lines. All efforts must be made to avoid even the appearance of conflict of interest.

**SECTION I - EMPLOYMENT
EMPLOYMENT OF RELATIVES POLICY and STANDARDS**

Adopted: 11/08 Policy Revised: 10/21 (L2) Standards Revised: 04/23 Page 3 of 4

**STATUS OR
RELATIONSHIP
CHANGES:**

If an exception was made previously but the conflict of interest status increases due to a promotion, transfer, reassignment, or relationship change, one of the following will occur:

- If the position is **not** on the list of designated positions with investigative or decision-making authority, STCU will try to arrange a suitable transfer for the affected employee.
- If the position **does** fall on the list of designated positions with investigative or decision-making authority, the affected employee will be given a minimum of three months to find a position outside of STCU.
- If a suitable transfer is not available, and/or if the affected employee is unable to find employment outside of STCU within the designated timeframe, their employment will be terminated.

Employees who marry, cohabitate, or develop a close personal relationship while both are employed by STCU may retain their positions as long as both employees do not report to the same manager, work in the same department, branch, or in areas where there are security concerns. If both employees report to the same manager or are in the same department, branch, or area where there are security concerns, one of the employees must find another position. If a transfer has not taken place within three months, one employee must terminate employment.

**RELATIONSHIP
DISCLOSURE:**

Employees are responsible for immediately notifying their manager or the director of human resources that a relationship exists between them and another employee that falls within the definitions listed above.

The hiring manger is responsible for ensuring policy compliance. Department directors are responsible for monitoring changes in employee relationships after initial hire to ensure compliance with this policy. Employees are responsible for immediately reporting any changes to their manager.

No exception to this policy will be made without the written consent of the director of human resources or the SVP of Human Resources and Organizational Development.

**POLICY
VIOLATIONS:**

Violations of this policy may include, but are not limited to, concealing a conflict of interest relationship or willful failure to cooperate with a plan of action designed to resolve the conflict of

**SECTION I - EMPLOYMENT
EMPLOYMENT OF RELATIVES POLICY and STANDARDS**

Adopted: 11/08 Policy Revised: 10/21 (L2) Standards Revised: 04/23 Page 4 of 4

interest.

Failure to comply with this policy may subject the employee(s) to disciplinary action up to, and including, termination.

**CONTENT
PROVIDERS:**

Tracy Ballard – tracyb@stcu.org
Meghan Kidder – meghank@stcu.org
Lindsey Myhre – lindseym@stcu.org

STCU OFFICIALS DEVELOPMENT REIMBURSEMENT POLICY

Adopted: 12/01 Policy Revised: 06/24 (L3) Standards Revised: 04/22 Page: 1 of 10

BOARD APPROVED POLICY:

OBJECTIVE: Board and Audit Committee members will be compensated for services rendered to STCU in their capacity as STCU officials. Board/Audit Committee members may be reimbursed for reasonable expenses incurred on behalf of themselves and their spouse/domestic partner during the performance of their duties. Reasonable expenses include the cost of personal assistance for any Board/Audit Committee member who may need such assistance to fulfill their duties. According to the DCU Interpretive Letter I-09-01, unless the guest meets the definition of spouse (spouse/domestic partner), the credit union is not permitted to reimburse a guest's expenses (i.e., children or friends/other family members).

BUDGET: A budget is approved by the Board annually for each individual Board/Audit Committee member position for the following year. Board/Audit Committee members are expected to work within their annual budget. The budget runs on a fiscal year of May 1 through April 30 to coincide with the start date of terms at the annual meeting in April.

On an exception basis, an individual Board/Audit Committee member may request to go over budget for special development opportunities that may cause an overage of the individual's annual budget.

A general education pool has been created to cover an individual's approved overage. Any expenses charged to the general education pool will net against the entire Board/Audit Committee allocation assuming not all Board/Audit Committee members use their entire individual budgets.

The individual must complete a Travel Request Form and the consent motion must note that the general education pool will be used.

Pre-approval is required on any budget overage for the current budget fiscal year without regard to the following year's anticipated expenditures. If an individual's budget is exceeded without pre-approval on an exception basis, the Board chair may penalize the following year's budget for the individual.

STCU will annually budget funds for two Board members to attend the CUNA Governmental Affairs Conference in Washington, D.C. This budget will not affect the individual budget

STCU OFFICIALS DEVELOPMENT REIMBURSEMENT POLICY

Adopted: 12/01 Policy Revised: 06/24 (L3) Standards Revised: 04/22 Page: 2 of 10

of the chosen attendees. The Board will select attendees based on the level of interest, seniority, and prior attendance. If additional Board members would like to attend this event they may do so by following the standard conference and travel procedures and use their individual budget allocation.

If a Board/Audit Committee member position becomes open and is filled by appointment, the remaining budget of the position being filled will be transferred to the appointee.

TRAVEL, CONFERENCE & OTHER EDUCATIONAL OPPORTUNITIES EXPENSES:

Approval for out-of-city meetings or conferences for Board members must be approved in advance by the Board through the travel consent motion. It is recommended when Board and Audit Committee members make decisions about attending a meeting or conference that they closely review the meeting or conference, its sponsors, speakers, topics, and location to assure the meeting or conference is of high quality with respect to educational benefit having a bearing on a member's work for STCU. Additionally, educational diversity is recommended.

It is anticipated that other types of high-quality educational opportunities having a bearing on a Board/Audit Committee member's work will come to a member's attention (e.g., non-credit union industry conferences, accredited college coursework, executive coaching). Board/Audit Committee members are encouraged to consider participating in such opportunities when it has a direct bearing on the member's STCU work and represents a good value proposition. Approval for such opportunities for Board members must be approved in advance by the Board through the travel consent motion. An exception may be made by the Board Chair to approve travel between board meetings. The travel must be recorded on the travel consent motion at the next board meeting.

Board members attending non-credit union industry conferences or other types of high-quality educational opportunities must complete a Travel Request Form and explain how the conference will apply to their development related to board service.

Travelers will be reimbursed for the expenses listed below.

Travel expenses for a spouse/domestic partner attending conferences/meetings will be covered by STCU and deducted from the Board/Audit Committee member's budget. This includes full spouse packages offered with conference registration. These expenses are taxable as ordinary income to the Board/Audit Committee member, who will receive a 1099 form from the credit

STCU OFFICIALS DEVELOPMENT REIMBURSEMENT POLICY

Adopted: 12/01 Policy Revised: 06/24 (L3) Standards Revised: 04/22 Page: 3 of 10

union, with the income reported to the IRS. Members must notify Accounting of spouse/domestic partner travel when submitting corporate credit card or expense reimbursement requests. By default, Accounting will allocate 50% of all meal costs and 100% of the spouse/domestic partner's airfare as taxable income to the Board/Audit Committee member. Any other costs associated with the spouse/domestic partner will be allocated as taxable income as necessary. Alternatively, Board/Audit Committee members may choose to allocate all receipts with spouse/domestic expenses between themselves and their spouse/domestic partner for Accounting to allocate for tax purposes.

Exception: If a Board/Audit Committee member is in the last year of a term, and has indicated they will not run for re-election, that Board/Audit Committee member will not be reimbursed for expenses incurred by attending a conference between January 1 and the STCU annual meeting in April.

STCU Corporate Credit Card:

Board/Audit Committee are issued an STCU corporate credit card to charge all travel and other business-related expenses to that credit card whenever possible. Cash advances on STCU corporate credit cards are prohibited.

Reimbursed Expenses:

Transportation (planes, trains, and automobiles) – STCU will reimburse for coach, economy class, or the lowest available fare. STCU will not reimburse for first or business class airfare. If a personal automobile is used rather than flying (i.e., trip to Seattle), reimbursement will be the lower of the:

- Airfare that would have been incurred plus other transportation costs (i.e., rideshare, shuttle or taxi), or
- Miles multiplied by the standard IRS mileage rate.

Documentation of the cost of the airfare should be included with the mileage reimbursement request. As a guideline, the calculated airfare expense should be for travel scheduled at least 30 days in advance. Generally, the reimbursement should be the lesser of the two. However, reasonable discretion for exceptions such as carpooling or saving hotel costs.

Trip Insurance – Trip insurance will be reimbursed if purchased.

Car Rental Fees – Board/Audit Committee members will be reimbursed for reasonably sized rental cars. If traveling in a larger group (three or more), an upgrade to a larger vehicle is allowed to accommodate luggage, etc. All car rental paperwork should be turned in with the Expense Reimbursement Form or the corporate

STCU OFFICIALS DEVELOPMENT REIMBURSEMENT POLICY

Adopted: 12/01 Policy Revised: 06/24 (L3) Standards Revised: 04/22 Page: 4 of 10

credit card statement. Additional expenses arising from personal use are the responsibility of the Board/Audit Committee member.

Renters must be over the age of 25 with a valid driver's license. They also must have a valid credit card to rent a vehicle. When renting a vehicle with an STCU corporate card, be sure the primary renter's name matches the name as printed on their STCU corporate card.

Car Rental Insurance Coverage – Due to the extremely high cost, and stipulations in STCU's corporate card MasterRental Insurance Coverage benefit, the optional collision damage waiver or similar insurance coverage must be declined. This is not a reimbursable expense. **If the optional insurance coverage is NOT declined, the MasterRental Insurance Coverage benefit on the STCU corporate card will not be in effect.**

The MasterRental Insurance Coverage benefit on STCU corporate cards covers the rental car with primary insurance for physical damage or theft. The STCU corporate insurance policy covers other types of claims such as personal injury, personal liability, and personal property. You must be able to provide documentation, in the event of a claim, that the trip was for STCU business purposes.

The primary renter (signer of the rental agreement) must be the actual STCU corporate cardholder and be present with the STCU corporate card being used to pay for the rental at the time of the rental. The primary renter of the vehicle, and any additional drivers listed on the rental agreement (who must have a driver's license issued by their state of residence) are covered by STCU's corporate card MasterRental Insurance Coverage benefit and STCU's corporate policy.

Should insurance verification be necessary, contact USI Insurance at 206-577-6825 or 509-991-5078. Should an accident or other damages to the rental vehicle occur, contact the Mastercard benefit administrator at 1-800-627-8372 (1-800-MASTERCARD), STCU's Accounting Department, and the STCU Board Secretary.

Shuttle, Airport Bus Service, Rideshare, or Taxi Fares – Board/Audit Committee members should choose the most reasonable, economical transportation option.

Conference Attendance Fees – Registration fees for Board/Audit Committee members and a spouse/domestic partner

STCU OFFICIALS DEVELOPMENT REIMBURSEMENT POLICY

Adopted: 12/01 Policy Revised: 06/24 (L3) Standards Revised: 04/22 Page: 5 of 10

will be paid in advance. Fees may be charged to the corporate credit card. It is also acceptable to forward an approved invoice from the conference host to the Accounting Department for payment.

A maximum of \$500 will be reimbursed for the purchase of tapes, books, videos, or other products related to the education of the Board/Audit Committee member. The item(s) will become the property of STCU.

Baggage and Shipping – Sending baggage and display material that is work related will be reimbursed as well as standard charges for personal baggage (no more than two pieces of luggage) that does not exceed the weight restrictions.

Parking – Board/Audit Committee members will be reimbursed for actual parking costs (including money spent in meters).

Lodging –The cost of standard accommodations in conference hotels or mid-priced hotels, motels or similar lodgings for the Board/Audit Committee member and spouse/domestic partner, including the night prior to the beginning of the event and the night of the last day of the event. Itemized hotel receipts are required for reimbursement.

Meals –Detailed receipts, as well as summary charge receipts, for meals in excess of \$75 are required for reimbursement. Summary receipts are acceptable for meals totaling \$75 or less. The name of the persons in attendance should be included on the receipt and the Corporate Credit Card Expense (see Reimbursement Procedures in the standards below). Grocery purchases of food and beverages to cook meals of less than or equal to eating out is permitted.

Alcoholic Beverages – Alcohol is an allowable expense for reimbursement for business functions with legitimate business-related STCU-hosted activities and within reasonable limits. Expenses should not include high cost premium items. As a guideline, reimbursement should be limited to two drinks per person for typical business functions. However, exceptions may exist for certain industry and entertainment functions at which STCU is hosting. (See Substance Abuse Policy for further details.)

Tips – Reasonable tips to bellhops, baggage handlers, drivers, etc., will be reimbursed. Receipts are not required for tips.

STCU OFFICIALS DEVELOPMENT REIMBURSEMENT POLICY

Adopted: 12/01 Policy Revised: 06/24 (L3) Standards Revised: 04/22 Page: 6 of 10

Telephone – Business-Related – Charges for telephone calls, faxes, and similar services required for business purposes will be reimbursed based on actual charges. The Board/Audit Committee member is encouraged to call the STCU 1-800-858-3750 number whenever possible when contacting someone at STCU if necessary to avoid long distance phone charges.

Board/Audit Committee members who are traveling are encouraged to attend STCU board/committee meetings via personal devices and may be reimbursed if call time results in incremental charges above their standard rate plan.

Use of hotel toll lines is discouraged as they are very expensive. Business-related calls made on a personal cell phone will be reimbursed if the call time results in incremental airtime charges or roaming charges above the Board/Audit Committee member's standard rate plan. Copies of the cell phone bill are required for reimbursement.

Laundry – Dry cleaning and laundry will be reimbursed after being away for four or more nights.

Mileage:

Board/Audit Committee members will be reimbursed at the standard IRS rate for use of their personal vehicle for STCU business. The current Expense Reimbursement Form must be used for mileage reimbursement.

Non-Reimbursed Expenses:

The following expenses will not be reimbursed:

Any additional expenses resulting from choosing to adjust travel arrangements to incorporate non-business, personal purposes (e.g., extended stays, alternate destinations) will be the responsibility of the Board/Audit Committee member.

Car Rental Insurance – Due to the high cost and duplicity of coverage, the optional insurance coverage should be declined. See details under Car Rental Fees section.

Optional Conference Activities – Optional items listed on conference registrations are not reimbursable. This includes items such as optional tours not included in the spouse packages, golf tournaments, ball games, spa treatments, personal entertainment (e.g., gym fees, videos, magazines, newspapers, movies).

STCU OFFICIALS DEVELOPMENT REIMBURSEMENT POLICY

Adopted: 12/01 Policy Revised: 06/24 (L3) Standards Revised: 04/22 Page: 7 of 10

Parking Tickets and Moving Violation Tickets – Under no circumstances will these be reimbursed.

Leisure Travel – Travel expenses incurred for personal entertainment (to/from museum, ballpark, sight-seeing, etc.) will not be reimbursed including any taxi or shuttle services.

Entertainment/Personal – Entertainment/personal expenses (e.g., gym fees, videos, magazines, newspapers, movies, ball games) will not be reimbursed.

TECHNOLOGY: In order to maintain the confidentiality, safety and security of STCU's network and proprietary information, Board/Audit Committee members will be required to adhere to the Safeguarding Communication Tools and Information Security Policy and Standards. They will also be required to sign a STCU Officials Remote Access Guidelines/Equipment Issue Agreement.

Minimum Equipment: Tablets will be purchased by STCU for all incoming Board/Audit Committee members and will be considered STCU assets. Expenses for the tablets will be taken from the individual's budget. STCU will have the authority to wipe a device in the event it has been lost, compromised or upon end of service from the Board/Audit Committee.

A Board/Audit Committee member may also use some or all of their own equipment if it meets STCU's current minimum standards for software and hardware security. The Information Systems Department will assist in determining the status of personally owned equipment.

Purchasing: If equipment is purchased out of the STCU budget, it will be approved and purchased through the Information Systems Department. All equipment provided will be a STCU fixed asset with a three-year life for depreciation purposes. The depreciation will be charged against each Board/Audit Committee member's budget over the three-year period or in the current period at the option of the Board/Audit Committee member. Equipment can only be purchased once per term unless an exception is made by the Board/Audit Committee.

Upgrades: Individual users will be responsible to upload operating system, application or system protection upgrades to their tablets when they become available.

STCU OFFICIALS DEVELOPMENT REIMBURSEMENT POLICY

Adopted: 12/01 Policy Revised: 06/24 (L3) Standards Revised: 04/22 Page: 8 of 10

Internet Access/Supplies: Costs associated with the use of equipment, monthly internet access, data plans, paper, ink cartridges, etc., for STCU business can be reimbursed through the expense reimbursement process.

End of Service: During their term, or upon end of service from the Board or Audit Committee, each Board/Audit Committee member will have the option to purchase their equipment that is an STCU asset.

If the net book value (NBV) is less than \$500, the Board/Audit Committee member may keep the equipment at no charge. An NBV of less than \$500 is considered an insignificant value to STCU. If the NBV is greater than \$500, the equipment may be purchased for the difference between \$500 and the total NBV.

For security purposes, at the end of service, the Information Systems Department will ensure any STCU information is removed from the personal and/or STCU provided equipment.

STCU OFFICIALS DEVELOPMENT REIMBURSEMENT POLICY

Adopted: 12/01 Policy Revised: 06/24 (L3) Standards Revised: 04/22 Page: 9 of 10

STANDARDS: (Revised: 04/22)

TRAVEL ARRANGEMENTS: The Administration Support Department is available to assist with travel arrangements after travel is approved by the Board. If assistance is requested, the Board/Audit Committee member must complete a Travel Request Form and return it to the Administration Support Department.

REIMBURSEMENT PROCEDURES: The Administration Support Department will assist travelers with the approval and submission process for all Expense Reimbursement Forms and corporate credit card statements.

Expense Reimbursement Form: The current **Expense Reimbursement Form** must be used for all reimbursable expenses that are not charged to the STCU corporate credit card (e.g., mileage, parking, tips). This form can be found in Directors Desk in the Documents/Corporate Documents/Board Budget/Travel folder in Directors Desk. Forms must be accompanied by detailed receipts for all business-related expenses greater than \$75.

Expense reimbursement forms must be submitted at least quarterly including any mileage for the quarter. Out-of-pocket expenses and mileage must be submitted during the calendar year in which the expense was incurred.

IMPORTANT: Remember to include the 10-digit account number the reimbursement should be deposited to and sign the Expense Reimbursement Form before sending it to the Administration Support Department.

STCU Corporate Credit Card Charges: Detailed receipts for charges to the **STCU corporate credit card** greater than \$75 must be returned to the Administration Support Department for processing before the end of the month. Cardholders have the responsibility of ensuring that all charges are valid.

Board/Audit Committee members are prohibited from using their corporate credit card for personal charges. If the corporate credit card is mistakenly used for a personal expense, the Board/Audit Committee member must immediately contact the Accounting Department.

Internet/Data Plan Reimbursement: An Expense Reimbursement Form or a corporate credit card statement must be submitted monthly if expenses have been

STCU OFFICIALS DEVELOPMENT REIMBURSEMENT POLICY

Adopted: 12/01 Policy Revised: 06/24 (L3) Standards Revised: 04/22 Page: 10 of 10

incurred. A vendor billing statement only needs to be submitted annually, or when the cost of the service changes, to support the amount claimed for reimbursement.

Bundled Service: If the internet service/data plan is not separately stated on the billing statement that has been submitted, the monthly reimbursement will be \$46. This amount will be reviewed annually and revised based on the current average cost of unbundled internet service/data plan.

RELATED DOCUMENTS: Expense Reimbursement Form
Travel Request Form

CONTENT PROVIDERS: Board Chair
Lindsey Myhre - lindseym@stcu.org