

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

Adopted: 05/03

Policy Revised: 06/2023

Standards Revised: 03/16

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**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

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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

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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.

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**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.
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**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;

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- 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

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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

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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.

**CONFLICTS OF INTEREST:**

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

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**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



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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-

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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

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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.

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**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  
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