# Infinity Federal Credit Union

## Governance Policy

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**Introduction**

Corporate governance is the process and structure used to direct the affairs of the credit union, with the objective of enhancing member value, which includes ensuring the financial viability of the business and the achievement of strategic objectives on behalf of the membership, within the required legal and regulatory framework, in a manner that is transparent to the membership.

**Corporate Governance Policy Statement**

The Board of Directors, management and staff of Infinity support and endorse strong ethical business practices, sound corporate governance and social responsibility to all communities and members they service. They believe and follow the following principles:

1. Infinity must be financially secure
2. All people must be treated with dignity and respect
3. Communication needs to open, honest, timely and defined
4. A healthy, energized, friendly, informed staff is necessary to effectively serve our members
5. Excellent service means providing members with excellent products and services
6. Establishing strong vendor partnerships to achieve shared goals
7. Continuous learning and growth is a means to provide better member services

The board of directors, management and employees embrace these principles and believe that instituting a strong corporate governance policy will help Infinity Federal Credit Union to succeed.

**Roles and Responsibilities of the Board and Management**

Infinity Federal Credit Union’s Board of Directors is responsible for the oversight and direction of Infinity’s business to ensure that the long-term interests of its member-owners are being served. The Board’s primary responsibilities are the setting of the vision, values, and mission; approving and setting risk management standards to assure financial safety and soundness; reviewing and approving strategic plans, budget and business plans; and evaluating the performance of the President/CEO and the credit union in relation to strategic and business plans and budgets. This is accomplished through delegation of authority and assignment of responsibility to the President/CEO to implement directives of the Board of Directors and oversee the daily operations of the business.

The primary means of executing the business plans is through Infinity’s Executive Management Team (Chief Financial Officer and Chief Operations Officer), which is under the direction of the President/CEO. The Board is also responsible for setting the compensation of the President/CEO and the Executive Management Team. It is important that the Board of Directors, the President/CEO and the Executive Management Team understand and recognize their respective roles, and maintain the appropriate level of separation between policy making and policy implementation.

The Board, President/CEO and the Executive Management Team recognize that the long-term interests of Infinity Federal Credit Union and its member-owners may be advanced by taking into consideration
the interests of the communities Infinity serves, including members, employees, vendors, community organizations and governmental entities.

**Board Committees**

Infinity Federal Credit Union will have the following committees: Supervisory, Investment (ALCO), Nominating, Corporate Governance and Compensation.

- **SUPERVISORY COMMITTEE** - is a standing committee that meets regularly and is governed by Article 9 of Infinity Federal Credit Union Bylaws. At least one member of the Supervisory Committee is a director on the Board. The Supervisory Committee’s responsibilities include arranging for audits, addressing member complaints, performing account verifications and, if needed, suspend a Board Director. At Infinity, this committee is made up of 3 to 5 members with staggered 3 year terms. No member of the Supervisory Committee can have a fiduciary relationship with Infinity. This means that they cannot be an employee, or a vendor, agent or independent contractor that receives compensation from Infinity.

- **INVESTMENT (ALCO) COMMITTEE** – is a standing committee that meets regularly. This committee is chaired by Infinity’s Chief Financial Officer and includes at least one Board Director, preferably the Board Treasurer. As per the Infinity Bylaws, Article 7, Section 11, this committee must have at least 2 members. This committee is responsible for asset and liability management at Infinity Federal Credit Union.

- **NOMINATING COMMITTEE** – is appointed by the Board Chairman annually as per Article V, section 1 of the Infinity Bylaws. The Nominating Committee shall consist of at least 3 members and will include at least one Infinity credit union member who is not currently serving as a Director on the Board. The Nominating Committee is responsible for overseeing the Board of Directors Nomination Process. This committee is responsible for assuring the eligibility of all nominees.

- **CORPORATE GOVERNANCE COMMITTEE** – is a Committee of 3 or more members, appointed annually by the Chair of the Board. The committee members are selected from the board of Directors, the Supervisory Committee and can include one member, who is neither on the Board nor on the Supervisory Committee. The responsibility of this committee is to periodically review Infinity’s Bylaws and its Corporate Governance Policy and to bring recommended revisions to the Board for their review and approval.

- **COMPENSATION COMMITTEE** – is an Ad Hoc Committee appointed annually by the Chair of the Board. The committee members are selected from the board of directors. This committee shall review executive compensation as it exists in the marketplace and make recommendations to the board on the compensation plans for the CEO and the Executive Management team.

**Independence**

Independence is an important ingredient in all Credit Union dealings. It is critical that all decisions made
concerning Infinity Federal Credit Union be made solely for the purpose of maintaining a strong successful institution in the service of its members. Actions and decisions of a director, a manager and/or a credit union committee member must be impartial. If there is a conflict of interest, or a perceived conflict of interest, and you are unable to objectively perform a specific duty, it is your responsibility, and the board or committee’s responsibility as a whole, to take action to ensure that the task is performed by individuals who can act independently. Without independence, the credibility of data gathered and/or decisions reached are questionable.

**Director Nominations**
The Nominating Committee will recommend nominees for directorship in accordance with the Bylaws of Infinity FCU (see eligibility requirements under Board Election Process below). Criteria for assessing nominees will include a potential nominee’s ability to represent the long-term interests of the credit union’s three core constituencies: its members, the communities it serves and its employees. The nominating committee will seek nominees who possess a basic understanding of financial matters, exhibit leadership potential and have a standard of integrity. The nominees need to be able and willing to commit to serving on the Board for an extended period of time and to dedicate adequate time and attention to the affairs of the credit union as necessary to properly discharge his or her duties.

**Board Election Process**

**ELIGIBILITY REQUIREMENTS** – the only eligibility requirements for membership on the Infinity FCU Board of Directors are the following:

(a) The individual must be a member of Infinity FCU before distribution of ballots;
(b) The individual cannot have been convicted of a crime involving dishonesty or breach of trust; and
(c) The individual meets the minimum age requirement established under Article V, Section 7 of the Infinity Bylaws

Anyone meeting the three eligibility requirements may run for a seat on the board of directors if properly nominated. It is the nominating committee’s duty to ascertain that all nominated candidates, including those nominated by petition, meet the eligibility requirements.

**NOMINATION CRITERIA FOR NOMINATING COMMITTEE** – the board of directors may establish additional reasonable criteria, in addition to the eligibility requirements, for a nominating committee to follow in making its nominations, such as financial experience, years of membership and conflict of interest provisions. However, the board’s nomination criteria apply only to individuals nominated by the nominating committee; they cannot be imposed on individuals who meet the eligibility requirements and are properly nominated by petition.

**CANDIDATES’ NAME ON BALLOTS** – when producing an election ballot, the secretary may order the names of the candidates on the ballot using any method for selection provided it is random and used consistently from year to year to avoid manipulation or favoritism. Since the need for ballots has
historically been an infrequent requirement of the Election Process, the following guidelines should be followed for the sake of consistency going forward:

(a) The candidates will be listed in alphabetical order by last name; and
(b) The slate of candidates nominated by the nominating committee and approved by the Board will be identified with an asterisk next to their names, with the reason for the asterisk explained at the bottom of the list.

**BALLOTS** – Infinity must establish an election process that assures members their votes remain confidential and secret from all interested parties. If the election process does not separate the member’s identity from the ballot, Infinity should use a third-party teller that has sole control over the completed ballots. If the ballots are designed so that members’ identities remain secret and are not disclosed on the ballot, Infinity may use election tellers from the credit union. In any case, Infinity FCU employees, officials, and members must not have access to ballots identifying members or to information that links members’ votes to their identities. In addition, only the designated election teller shall have access to the election results, until they are disclosed at the Annual Meeting.

**PLURALITY VOTING** – At least one nominee must be nominated for each vacant seat. When there are more nominees than seats open for election, the nominees who received the greatest number of votes are elected to the vacant seats.

**MINIMUM AGE REQUIREMENT** – The age the board selects may not be greater than the age of majority under the state law applicable to the credit union.

**Director Responsibilities**

The basic responsibilities of the Directors are to exercise their business judgment in good faith, fulfill their fiduciary and legal duties, and to act in what they reasonably believe to be in the best interests of Infinity Credit Union. In discharging such obligations, Directors are entitled to rely on the honesty and integrity of their fellow Directors, Infinity Credit Union’s senior executives and outside advisors and auditors.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors should review in advance of the meeting the information and data that are distributed to them. Failure to attend and/or participate in Board and committee meeting or activities may result in the removal from the Board and/or a committee. According to Article 6, Section 8 (a) of the Infinity Bylaws, failure to attend meetings for 3 consecutive months or failure to attend 4 meetings throughout the year, will constitute a reason for removal from the Board.

The Chair will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise, at any Board meeting, subjects that are not on the agenda for that meeting. The Board will participate in an annual strategic planning
meeting to address Infinity’s long-term strategic plans and any principal issues that Infinity anticipates facing in the future.

The Board believes that the President/CEO or any member of the Executive Management Team designated by the President/CEO speaks for Infinity Credit Union. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with Infinity Credit Union. However, it is expected that Board members will do this only with the knowledge of the President/CEO.

**Board Size**
As of May 2012, the Board of Infinity Credit Union has 9 members. The Board size can be reconsidered in light of the availability of qualified Directors, the requirements imposed on Directors and the issues facing the Board from time to time.

**Director Term Limits**
The Board does not believe it should establish term limits. Term limits have the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into Infinity Credit Union and its operations and, therefore, provide an increasing contribution to the Board as a whole.

**Director Access to Officers and Employees**
Directors have full and free access to officers and employees of Infinity Credit Union. The Directors will use their judgment to ensure that any such contact is not disruptive to the business operations of Infinity Credit Union. It is expected that a Directors interaction with employees or officers cannot be of a confidential basis. All communications can, and should, be shared with the CEO or other senior management.

The Board welcomes regular attendance at each Board meeting of the appropriate representatives of senior management of Infinity Credit Union as shall be determined from time to time, subject to the Board’s right in all instances to meet in executive session or with a more limited number of, or no management representatives.

**Codes of Business Conduct and Ethics for members of the Board of Directors and Committee Members**
Infinity Credit Union has adopted a comprehensive Code of Business Conduct and Ethics for Members of the Board of Directors and Committee Members, and Directors are expected to act at all times in accordance with its requirements. It addresses, among other things, conflicts of interest, confidentiality, truthful communications, transparent governance, compliance with laws and social responsibility.

**Director Compensation**
All Directors serve as volunteers and are representatives of the members of the credit union. As such there is no compensation for service on the Board of Directors of Infinity Credit Union. However,
reasonable expenses incurred by a Director, such as mileage or miscellaneous out-of-pocket expenses, while functioning as a Director of the Board, will be reimbursed.

**Director Orientation and Continuing Education**

All new Directors must participate in an orientation program, which should be conducted following the annual meeting at which new Directors are elected or the time the new Director otherwise joins the Board. This orientation will include presentations by senior management to familiarize new Directors with Infinity FCU’s strategic plans, its significant financial, accounting, and risk management issues, its compliance programs, its code of ethics, its principal officers, and its auditors.

**CEO Evaluations and Management Succession**

The Board of Directors will conduct an annual review of the President/CEO and the Executive Management Team’s (EMT) performance which shall be facilitated by the Compensation Committee. The Compensation Committee will also make recommendations regarding the compensation and benefits provided to the President/CEO and the EMT.

The Compensation Committee should periodically report to the Board on succession planning. Succession planning should include policies and principles for CEO selection and performance reviews, as well as policies regarding succession in the event of an emergency or the retirement of the President/CEO.

**Annual Performance Evaluation**

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Corporate Governance Committee will review such self-evaluations. Annually, a report will be made to the Board on the assessment of the performance of the Board and its committees. This report will be given following the end of each fiscal year. The assessment will focus on the contribution of the Board and its committees to Infinity FCU and specifically focus on areas in which the Board or management believes that the Board or its committees could improve.

**Petition Format**

There are occasions when members are asked to file a petition, such as a nomination by petition, or requesting a special meeting by petition. When a petition is required, it needs to adhere to the following guidelines:

1. Each page of the petition needs to have the reason for the petition printed on top of every page.
2. The date(s) of the petition need to be included on each page.
3. The signatures need to be followed by the name printed legibly, illegible names will be excluded.
4. All signatures must be validated against the current membership list.
5. The original of the petition is submitted to the Credit Union, not a copy.

------This document was approved by Infinity’s Board of Directors on November 19, 2012------