

Advantis Credit Union

Corporate Governance Overview

Advantis Credit Union is a not-for-profit, member-owned, financial cooperative committed to the financial well-being of its members. As part of this commitment, Advantis Credit Union has developed a governance system.

The following is a brief overview of corporate governance at Advantis Credit Union. As used below, the term “Officials” includes Directors on Advantis’ Board of Directors, Associate Directors, and members of the Audit Committee.

Advantis Credit Union and its members are best served with a diverse group of Officials, with a wide range of skills, business backgrounds, community involvement experience, and knowledge of credit unions and financial services.

BOARD OF DIRECTORS

Advantis’ Board of Directors consists of nine members. In the spring of each year, Advantis members elect directors to three-year terms. Officials are elected on a staggered basis, and one-third of the seats on the Board are up for election each year.

Key Board Responsibilities

The Board of Directors retains the ultimate responsibility for the general control and direction of the Credit Union, including ensuring decisions are in alignment with Advantis’ Mission. Some of the Board’s main responsibilities include working with the Executive Leadership Team (ELT) to develop strategic guidance, reviewing and approving Board policies and budget necessary to achieve the guidance, and tracking the Credit Union’s financial performance. The Board fosters, cultivates, and preserves a culture of diversity, equity, and inclusion at Advantis, and upholds the Credit Union’s Mission, Vision and Shared Values. The Board is also responsible for selecting and hiring the Credit Union’s President/CEO, evaluating their performance, and approving the CEO’s compensation.

Each Fall, the Board of Directors and Executive Leadership Team meets to review the Credit Union’s progress on the Strategic Plan and makes adjustments to the Plan as appropriate. Subsequently, the Board acknowledges the budget plan for the upcoming year. Each spring, the Board and Executive Leadership Team meet to review and discuss strategic issues relevant to the future of Advantis Credit Union and its members.

Following the Annual Meeting of members each year, The Board elects the following officers: Chairperson, Vice Chairperson, and Secretary/Treasurer. The Board annually reviews the performance of the Board as well as individual Board members. The Board annually conducts due diligence on Board and Audit Committee compensation, approves compensation schedules for the next year and notifies the members of the compensation paid and scheduled to be paid.

The Board of Directors meets monthly, typically the third Wednesday of each month at 5:30pm. Meetings are typically held in person within the Portland Metro area. Virtual connections are available, however in-person attendance is required for at least six Board meetings per year. This requirement applies when there is an option provided for in-person attendance.

ASSOCIATE DIRECTORS

The Associate Director position was developed as part of the Board's succession plan and provides a structure to ensure that potential board members receive adequate preparation to perform successfully and make substantive contributions as Credit Union officials. The position provides interested members an opportunity to learn board processes and gain an in-depth knowledge of Advantis Credit Union and the business of financial services to prepare for a role as a Director. The Associate Director position is a non-voting position, filled by persons to serve a one-year appointment and may be reviewed annually for reappointment. Serving as an Associate Director does not guarantee a position on either the Board of Directors or Audit Committee. Associate Directors are eligible to express an interest as a candidate for nomination to an elected or appointed office at any time during their tenure.

Key Associate Director Responsibilities

Although Associate Directors do not have voting rights, they otherwise share the same duties and responsibilities of regular Directors, including statutory and fiduciary duties, to the extent permitted by their non-voting status. Associate Directors attend board meetings and strategic planning sessions and serve on board committees.

AUDIT COMMITTEE

The Audit Committee consists of three to five members appointed by the Board of Directors to three-year terms, with one member serving as Audit Committee Chairperson. One of the Audit Committee members may also be a Director. The terms are staggered and approximately one-third of the terms expire each year. The Board Nominating Committee interviews applicants and presents a slate to the Board for approval following the Annual Meeting of members each year.

The Committee meets quarterly, and meetings are currently scheduled during the third Tuesday evening in March, June, September and December. Meetings are typically held in person within the Portland Metro area; however, virtual connection options are also available.

Key Audit Committee Responsibilities

The Audit Committee oversees the external audit, internal audit and internal control functions of the Credit Union. The Audit Committee meets quarterly to review internal audit reports, regulatory examination reports and the annual financial audit results. They may coordinate other internal auditing functions designed to monitor internal controls, policies and procedures, and activities of the Board of Directors. Audit Committee members attend board meetings and strategic planning sessions and may serve on board committees at the discretion and invitation of the Board of Directors' Chairperson.

BOARD COMMITTEES

The Board has established standing committees, including: Executive, Governance, Nominating, Risk & Finance, Diversity, Equity, and Inclusion (DEI), and Audit Committees and may form and appoint additional ad hoc committees as needed throughout the year.

QUALIFICATIONS & SELECTION PROCESS

In addition to the minimum qualifications of a Director outlined below, the Nominating Committee evaluates interested candidates and places importance on the strengths, attributes, and membership and community engagement of candidates during the nomination process.

Minimum Qualifications to Serve on the Board:

In order to qualify to serve on the Credit Union's Board of Directors, an individual must:

- Be a member of the Credit Union in good standing, preferably for at least twelve months;
- Authorize a criminal background check;
- Satisfy any bonding requirements of the Credit Union;
- Agree to and comply with the terms of the Credit Union's Code of Ethics Policy;
- Be (18) years of age, or older, and eligible to vote in Credit Union elections and at membership meetings;
- Not be employed by the Credit Union or any subsidiary during the past (3) years;
- Not have any immediate family members as paid employees of the Credit Union; and
- Not have defaulted on an obligation with the Credit Union or caused a loss to the Credit Union.

Selection Criteria

In addition to the above criteria, interested Director candidates should possess the following personal qualities:

- *Effective Communication*: contributes to the group in a positive and effective manner; thoughtfully conveys ideas, opinions, and questions; and has the courage to voice dissent or express support as a member of the team.
- *General Intelligence*: thinks strategically and broadly; has experience applying sound judgment and critical thinking toward complex ideas for the interests of a group, not themselves; has the ability to process feedback and use it to improve performance; ability to interpret financial data.
- *History of Success*: has demonstrated success in past personal, professional or educational pursuits with evidence of behaviors beneficial to the interests of the members.
- *Committed Leader*: is disposed to service; has the desire to commit substantial time to serving the membership including the ability and desire to devote the necessary time and energy to equip themselves with skills and information needed for the role of an official; readily puts the interests of the membership first; has the ability to publicly support a decision with which they privately disagreed.
- *Independence*: accepts input from diverse sources and acts in the best interests of the membership as a whole; thinks critically about the issues at hand and formulates dispassionate conclusions.
- *Advocate*: Believes in the purpose and future of credit unions, and is an enthusiastic supporter and spokesperson for Advantis Credit Union.
- *Lived Experience*: We welcome and encourage your unique perspective, knowledge and experience based on your intersecting identities, history and understanding beyond your professional and educational experience.

As Officials will serve as representatives of the membership as a whole, it is preferred that candidates have been a member in good standing for a minimum of one year and are actively using the services of the Credit Union.

Application, Nomination & Election Process

Members interested in applying to serve on Advantis' Board of Directors or Audit Committee may apply year-round. Advantis' Nominating Committee reviews applications following the application deadline of September 30th each year in preparation for the subsequent year's Board election and committee appointments. The Nominating Committee is tasked with nominating at least one qualified member for each Board of Directors vacancy occurring the following year.

Members also have the option to submit a written petition to the Nominating Committee, if they desire to be a candidate for the Board of Directors. (More information on this process, including the qualifications and timelines are available on Advantis' website).

The election to the Board of Directors is conducted prior to or at the Annual Meeting of members, which occurs in mid-April each year. If sufficient nominations have been made by the Nominating Committee to require a vote, voting will be accepted via an independent third-party vendor by phone or electronic ballot. Ballots and voting information would be distributed to each Advantis member eligible to vote at least 20 days prior to the Annual Meeting.

For uncontested Board of Directors' elections, the Nominating Committee will declare each nominee elected by general consent at the Annual Meeting.

REQUIREMENTS OF SERVICE

Advantis believes that to be effective, Officials must be fully aware of the legal, ethical, and business foundations of Advantis. As such, all Officials will apply themselves toward acquiring strategic knowledge of Advantis' operations and of the credit union industry.

Orientation & Mentorship Program

New Officials are required to attend an Orientation Program and actively participate in the Board's Mentorship Program during their first year of service.

Attendance Requirements & Engagement Expectations

Directors and Associate Directors are expected to attend and actively participate in all meetings of the Board, the committee(s) to which they are appointed, planning sessions, and the annual membership meeting. In-person attendance is required for at least six Board meetings and all Planning Sessions per year. This requirement applies when there is an option provided for in-person attendance.

Audit Committee members are expected to attend and actively participate in all meetings of the Audit Committee, other committee(s) to which they are appointed, planning sessions, the annual membership meeting, and at least one board meeting per quarter. In-person attendance is required for all required Board meetings and all Planning Sessions per year. This requirement applies when there is an option provided for in-person attendance.

- Board Meetings are held monthly and last approximately 2.5 hours in length.
- Board members are strongly encouraged to serve on at least one board committee, comprised of approximately eight meetings per year per committee.
- Planning Sessions are held semiannually over the course of a weekend.
- Audit Committee meetings are held quarterly and last approximately 2 hours in length.

Officials are expected to review and reflect on all meeting materials provided in advance of the meeting.

The Board Governance Committee regularly reviews the attendance of all Officials to ensure attendance conforms with this policy. Unexcused absences exceeding 25% of required meetings in any quarter will be cause for review by Committee Chair and/or Executive Committee and could result in suspension of compensation or disqualification of service.

Continuing Education & Self-Development

Officials will continually seek to learn more about the Credit Union, its products and services, industry trends, and about his or her individual responsibilities by utilizing educational courses, industry conferences, seminars, and trade publications. Officials must complete the annual requirements for continuing education and self-development as further defined within board policy. New Officials are required to participate in an onboarding program, to help bring them up to speed on Advantis' history, ideology and strategy, our operating environment, and their role as an Advantis Official.

Code of Ethics

Advantis Credit Union has adopted an *Officials' Code of Ethics & Standards of Personal Conduct Policy*. Officials must adhere to the highest ethical standards. Officials should avoid any action, position or interest that conflicts with the interest of Advantis or gives the appearance of a conflict. To prevent real or perceived conflicts of interest, Officials must disclose all business relationships with Advantis and exclude themselves from discussions and decisions affecting those relationships. Advantis annually requires all Officials to reaffirm their commitment to comply with the Code.

Credit Union Law and Regulatory Examinations

Advantis Credit Union is chartered under and subject to the Oregon Credit Union Act. The Board of Directors and Audit Committee shall perform the specific duties as set forth in the Oregon Credit Union Act, Advantis Bylaws and board policy.

Advantis is examined and supervised primarily by the Division of Credit Unions of the State of Oregon Department of Consumer and Business Services, Division of Financial Regulation. The Credit Union is also subject to examination by National Credit Union Administration (NCUA), which insures member deposits.

OFFICIALS' COMPENSATION

The Board has established a compensation policy to provide reasonable compensation for its Board of Directors, Associate Directors and Audit Committee as allowed by Oregon law and the Credit Union's Bylaws.

The size and complexity of ACU requires Officials with financial knowledge, diverse skills and dedication to meet the management demands of a competitive and highly regulated financial services industry. The time demands of Officials' meetings, meeting preparation, regulatory training and continuing education warrants fair and reasonable compensation.

The Credit Union provides reasonable compensation in the form of an annual stipend paid quarterly and based on the leadership and position held. This structure provides compensation commensurate with the respective time demands of the different positions. The following annual compensation schedule was approved for the Board of Directors and Audit Committee members, effective May 1st, 2024.

Board Chair	\$21,500
Director*	\$16,000
Associate Director	\$ 8,000
Audit Committee Chair	\$14,000
Audit Committee Member.....	\$14,000
Committee Chair**.....	\$2,000 <i>additional</i>
Discretionary Award for Additional Service***	\$4,000 <i>additional</i>

*A Board member may simultaneously serve on the Audit Committee, but will not be paid any additional compensation for such service.

**This additional stipend is applicable for standing Committee Chairs (including Audit Committee Chair). An Official may serve as Chair of more than one Committee, however they will not be paid any additional compensation for such service. The Board Chair and Ad-Hoc Committee Chairs are ineligible for this stipend.

***The Executive Committee has the ability to award Officials with a discretionary amount for additional service (i.e. large strategic projects). The amount will be capped at no greater than 25% of the current Director annual compensation amount. In the event a discretionary award is for a member of the Executive Committee, the Audit Committee Chair will have final approval.