



League Board of Directors Qualifications

Qualifications: Each director elected must be:

- (1) either senior level management staff, or voting board member of the member credit union which he/she is representing, and
- (2) a member of a member credit union.

Director Responsibilities, Experience & Commitment

It is the responsibility of the Board of Directors to strive to support and uphold the mission of the Cornerstone Credit Union League. The following outlines the expectations for a Director/Associate Director elected to the Board and is included in the call for Director nominations.

Experience: It would be highly desirable for a Director candidate to have experience serving as a member of a credit union or other credit union organization board (such as a chapter or CUSO). A Director candidate should be willing and able to devote substantial time and effort to the credit union system at the expense of themselves and their organization and be able to support and encourage their colleagues to support the mission, vision, products and services of the League organization. While a Director is elected by and from a specific asset category or state within the Cornerstone region, each League board member is serving for the betterment of the entire credit union system and is not representing only those credit unions within his/her state and asset category.

Time Commitment: Regular League Board meetings are held in-person throughout the year. Generally, regular meetings are quarterly; i.e., March, June, September and December. A fifth meeting is the Board's organization meeting following the annual meeting in April.

With regard to regular meeting attendance: Directors are to have no more than two (2) consecutive unexcused absences or a total of four (4) unexcused absences from the above meetings during a 3-year term. Unexcused absences exceeding these parameters are referred to the Board and the Board may declare the position vacant.

Excused absences relate to the death of a family member, a personal health matter or that of an immediate family member, jury duty or under subpoena to appear in court or is on active military duty. The Chairman of the Board may excuse absences for other valid reasons. The minutes will record absences that are "excused."

The TIMELINE for regular Board meetings in a calendar year is determined approximately 6 months prior to the first regular meeting of the upcoming year.

Additionally, from time to time special Board meetings are called (Article VII); these may be held in-person or via teleconference.

Further, Board members could expect to be appointed to at least one League committee. Total time commitment for a Board member with a committee appointment during a year can be estimated between 10 to 15 days.

Fiduciary Duties – Responsibilities: Directors and Associate Directors have three basic fiduciary duties.

1) THE DUTY OF CARE

The Duty of Care calls upon Board members to act as a similarly situated, reasonable Board member would act. The Duty of Care primarily relates to the responsibility to become and remain reasonably informed in making good faith decisions on behalf of the organization they serve and oversee the League's mission-aligned programs. This is accomplished by:

- **Helping to Shape the League's Vision, Mission and Strategy** – These three elements are fundamental to shaping the future of the organization. By taking an active role in helping to shape these elements, each Board member will be responsible for understanding and knowing the League's mission-aligned programs.
- **Being Informed** – Making informed decisions requires ensuring that Executive Management provides sufficient information so that Board members can request, obtain and consider the necessary information to fully understand issues at hand. It means relying on information, opinions and reports, including financial statements and other financial data, provided by Executive Management, legal counsel, accountants and other experts to support the Board member in their decision-making process.

Board members are expected to attain financial literacy sufficient to perform their fiduciary duties and maintain their knowledge through ongoing education. This means that Board members must have at least a working familiarity with basic finance and accounting practices, including the ability to read and understand the League's financial statements and the ability to ask appropriate, substantive questions of Executive Management and auditors.

Board members are expected to use and share their knowledge, experience and expertise so all Board members are informed to make sound decisions.

Delegation of matters to Board committees (e.g., Finance, Governance, etc.) does not relieve a Board member of their oversight responsibility. Board members have a responsibility to remain informed about the work and responsibilities of all Board committee activities and output.

- **Establishing Clear Expectations** – Board members should establish clear expectations for the timely receipt of meeting materials so the Board can fully review the information before any decision-making. In addition, important, time-sensitive information that becomes available between meetings must be promptly distributed and reviewed by the Board.
- **Preparing for and Attending Board and Committee Meetings** – All Board members must fully prepare in advance of every Board and applicable committee meeting by reading the prepared materials, asking any necessary questions of the Chief Executive Officer (CEO) and Executive Management in advance of the meeting(s) and attending all Board and applicable committee meetings.
- **Actively Participating in the Decision-Making Process** – All Board members must fully participate in the decision-making process by engaging in Board- and committee-level discourse with curiosity and a "trust but verify" philosophy in terms of interacting with the CEO and Executive Management. This includes contributing their point of view and asking questions of other Board members, the CEO and Executive Management to fully understand and vet the issues at hand. This also includes requesting or obtaining expert advice to support effective decision-making.

- **Casting Their Vote Independently** – All Board members must cast their votes independently of other Board members, in the best interests of the League and its members, relying upon their best judgment, knowledge and the information they have reviewed.
- **Participating in Board Development and Education Activities** – It is incumbent upon Board members to be informed on trends and issues impacting the credit union and financial services field. Board development and education ensures that Board members remain on the leading edge of financial, governance and strategic thinking.

2) **THE DUTY OF LOYALTY**

The Duty of Loyalty focuses on avoiding improper conflicts of interests and requires fair dealing by Board members involved in transactions where a personal or financial interest may arise. The Duty of Loyalty requires Board members to act in good faith and in the League's best interests – not in their own interests or the interests of persons or organizations with which they are associated.

Board members may not use their position on the League Board for personal gain or advantage and should avoid conflicts of interest and even potential or perceived conflicts of interest. Therefore, Board members must be sensitive to any interest that might conflict with the League's interests. When a Board member has an actual, potential or perceived conflict of interest (e.g., a contract, transaction or relationship affecting or opposed to the League), the Board member must (1) fully disclose their interest or interests to the designated Board representative and (2) abstain from participating during any presentation, deliberation or action on the related issue.

A Board member may fail to act in good faith when they fail to disclose a personal interest, intentionally act with a purpose other than the League's best interest or when they have a known duty to act.

The Duty of Loyalty provides that a Board member's ultimate duty is to the mission of Cornerstone as a whole and requires the Board member to:

- Act in good faith.
- Act in alignment with the League's best interests.
- Act when they have a known duty to act.
- Refrain from relationships that present a conflict of interest for the League and report any potential, perceived or actual conflicts of interest.
- Demonstrate personal and sustained understanding and commitment to achieve Cornerstone's vision and mission.
- Publicly support and defend the League as its ambassador in a highly professional manner. (However, the Duty of Loyalty will not be interpreted, nor will it be enforced, to restrict or prohibit the free expression of disagreement by any Board member; except that following a formal Board vote, the Board will speak with one voice.)
- Attend and actively participate in Board and committee meetings, in the Board's annual organization meeting and, when appropriate, in membership meetings.
- Maintain the affairs of the League and that of its affiliates in strict confidence.

3) **THE DUTY OF OBEDIENCE**

The Duty of Obedience requires all Board members to faithfully observe and comply with relevant legal, regulatory and organizational laws, requirements, policies and procedures and ensure that the League is in compliance with the same. Most importantly, it requires that Board members ensure that the League is operating in observance of its stated

strategic direction. Board members can and should exercise their own reasoned judgment in how the organization should best achieve its mission, but they cannot act in a manner that is inconsistent with Cornerstone's mission.

The Duty of Obedience requires that Board members obey the laws and policies that pertain to the League, including:

- Exercise due diligence and oversight to assure compliance to all applicable Federal, state and local laws, rules and regulations.
- Ensure compliance with the League's own Bylaws, policies and rules properly promulgated by the Board.
- Participate on any committees or task forces as requested by the Board.

The Board is entrusted with powers, which include areas such as appointing a President & CEO, supporting the organization's mission and goals, overseeing the financial well-being of the organization and reviewing and/or recommending governance issues.

Included with Call for Nominations