



# Compensation Committee Charter

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Revision Dates

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## I. Purpose

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of I-C Federal Credit Union (the “Credit Union”), shall have responsibility for the oversight of total compensation (collectively hereafter referred to as “Compensation”) provided to the Credit Union’s C- Suite executive corporate officers, e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, etc. each hereafter referred to as an “Executive,” and for the oversight of employment agreements, compensation arrangements with Executives and their alignment with severance plans, retirement plans, health and welfare plans, and any other benefit plans overseen by other Committees of the Board. In addition, the Committee will review and provide oversight for the Credit Union’s overall Compensation philosophy and strategy to ensure the continued recruitment and retention of talent. For this purpose, Compensation shall include the following elements (collectively hereafter “Compensation Elements”):

- annual base salary;
- annual incentive opportunity;
- long-term incentive opportunity;
- the terms of employment agreements, retirement agreements, severance arrangements, change in control agreements, and other similar agreements;
- any special or supplemental benefits or perquisites.
- any supplemental pension or profit-sharing plans;
- any other payments, reimbursements, insurances, allowances, perquisites, or other benefits that are deemed compensation under applicable rules and regulations of the National Credit Union Administration, the Credit Union’s By-laws, and any other applicable regulatory requirement (collectively hereafter for all purposes referred to as “Legal Requirements”);
- any payments, reimbursements, allowances, perquisites, or benefits provided to the Board or the Supervisory Committee that are deemed Compensation under applicable Legal Requirements.

## II. Organization

The Committee shall consist of three or more independent directors in accordance with all applicable Legal Requirements.

Committee members shall be elected by the Board at its annual organizational meeting; members shall serve until their successors shall be duly elected and qualified (conforming with the criteria developed for serving on the Committee), but members of the Committee may be removed at any time by action of the Board. If a member ceases to be independent, such person shall immediately resign as a Committee member. The Committee’s Chairperson shall be designated by the Board, or if the Board fails to do so, the Committee members shall elect a Chairperson.

The Committee may form and delegate authority to other Board committees when appropriate, provided that the subcommittees are composed entirely of independent directors.

### **III. Structure and Meetings**

The Committee shall meet at least three times per year, or more frequently as circumstances require. Meetings may be held by teleconference, videoconference or other communications equipment consistent with Legal Requirements. The Chairperson of the Committee shall preside at each meeting and, in consultation with the other members of the Committee, shall determine the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The agenda and briefing materials will be provided to the Committee as far in advance of meetings as practicable. If the Chairperson of the Committee is absent from any meeting, the remaining members of the Committee present at such meeting shall select a member of the Committee who is present at the meeting to lead the meeting.

The Committee, in collaboration with the CEO, may invite such members of the Credit Union's management, including its Executives (collectively "Management") and other individuals as it deems desirable or appropriate to attend meetings and to provide pertinent information to the Committee. The Committee shall report regularly to the Board, summarizing the Committee's actions and any significant issues considered by the Committee, including recommendations from the Committee, where appropriate. As part of its responsibility to foster open communications, each regularly scheduled Committee meeting will conclude with an executive session which may include Management to discuss any matters that the Committee (or Management) believes should be discussed.

Except as otherwise provided by this Charter or other Legal Requirements: (i) a majority of the members of the Committee, either present in person or by means of remote communication, shall constitute a quorum for the transaction of business at all meetings of the Committee; and (ii) all actions of the Committee shall be by the affirmative vote of a majority of those members constituting a quorum. Actions of the Committee may be taken by voice vote and a record thereof included in the minutes of the meeting or may be taken by unanimous written consent by the members voting for the action. Any such unanimous consent may be delivered in counterparts.

The Committee shall appoint an individual who need not be a Committee member to act as secretary, and minutes of its proceedings shall be kept in a minute book provided for that purpose.

### **IV. Authority and Responsibilities**

To fulfill its responsibilities, the Committee shall:

1. Review and provide oversight for the Credit Union's Compensation philosophy and strategy to ensure it is appropriate to the continued attraction, retention, and motivation of Management and other key employees.
2. On an annual or periodic basis, assess the competitiveness of Executive Compensation and the Credit Union's Executive compensation practices based on an appropriate peer group and/or survey data. For conducting such assessments, review and approve the peer group companies and target market positioning (e.g., award of compensation levels at a percentile within a designated range).
3. On an annual or periodic basis, assess the competitiveness and appropriateness of the Compensation Elements, including the director expense reimbursement program, and recommend changes to the Board.

4. Ensure Compensation, practices and Compensation Elements are appropriate, safe and sound. Review the risks associated with the Credit Union's Compensation programs to ensure their design mitigates risk without diminishing the incentive and competitive nature of the Compensation in the marketplace and assist the Board in determining whether the Credit Union's Compensation programs involve risks that are reasonably likely to have a material adverse effect on the Credit Union.
5. On an annual basis, as agreed to and reflected in the CEO Dashboard, review and approve Credit Union goals and objectives relevant to the CEO Compensation. The CEO Dashboard is initially prepared by the CEO and is presented to the Board for approval. Evaluate the CEO's performance in light of those goals and objectives and make recommendations to the Board regarding the CEO's Compensation level based on this evaluation. In evaluating, determining, and recommending the long-term incentive component of CEO Compensation, the Committee will also consider, among such other factors as it may deem relevant, the Credit Union's performance, membership returns, the value of similar incentive awards to the chief executive officers at comparable institutions, the Compensation paid to other executive officers of the Credit Union and the Compensation paid to the CEO in past years. The CEO shall not be present during voting or deliberations relating to the CEO's compensation.
6. On an annual basis and in collaboration with the CEO, review and make recommendations to the Board regarding Compensation paid to all other Executives to ensure that they are compensated in a manner consistent with the Credit Union's Compensation strategy, internal considerations, competitive factors, and applicable Legal Requirements.
7. Review, evaluate, and make recommendations to the Board regarding the Compensation Elements, in collaboration with the CEO and in conjunction with the approved Strategic Plan and CEO Dashboard, as appropriate. With respect to each such Compensation Element, the Committee shall have responsibility for assisting the CEO with:
  - a. selecting and defining the performance metrics and setting the performance targets under all annual bonus plans and long-term incentive Compensation plans for Executives, as appropriate;
  - b. certifying to the Board that any and all Executive performance targets used for any performance-based Compensation plans have been met before payment of Executive corporate bonus or compensation.
8. In conjunction with the Profit Sharing and 401K Committee, and any other committees that shall be formed from time to time regarding benefits plans and plan administration, ensure:
  - a. all plan reviews include the plan's anticipated total costs;
  - b. reviews of current plan features and any proposed new features;
  - c. assessment of the performance of the plan's internal and external administrators, if any duties have been delegated;
  - d. conformance with the Credit Union's financial goals;
  - e. consistency of all plans with the Credit Union's Compensation strategy and philosophy.
9. Amend Compensation Elements at any time by vote at a meeting, by execution of the appropriate amendment, or by such other means as deemed appropriate and in accordance with the Legal Requirements, except as that authority may be delegated to another committee of the Board or management to make certain amendments to such plans.
10. Review and make recommendations to the Board concerning any consulting agreements, employment agreements, retention or termination arrangement, including change of control arrangements with an Executive.
11. Establish and periodically review policies concerning Compensation Elements that are not available on a broad basis to employees.

12. Review and make recommendations to the Board with respect to Executive and Director indemnification and insurance matters.
13. Review and make recommendations to the Board regarding monetary Compensation awards, including individual monetary awards.
14. Make recommendations to the Board concerning the “claw back” of any Compensation paid to Executives in appropriate circumstances.
15. Review and discuss CEO Dashboard data on employee turnover, employee satisfaction, and member satisfaction on a quarterly basis review or in the time intervals set forth in the CEO Dashboard.
16. Perform any other activities consistent with this Charter and all Legal Requirements as the Committee or the Board deems necessary or appropriate.
17. Report regularly to the Board concerning its activities and recommendations.
18. Review and reassess the adequacy of this Charter annually and recommend to the Board any changes deemed appropriate by the Committee.

Nothing in this Charter shall preclude the Board from discussing CEO or non-CEO compensation generally or any other subject.

The responsibilities and duties set forth in this Charter should serve as a guide only, with the express understanding that the Committee may carry out additional responsibilities and duties as directed by the Board and adopt additional policies and procedures as may be necessary in light of any changing business, legislative, regulatory, legal or other conditions.

## **V. Performance Evaluation**

The Committee shall conduct an annual performance evaluation of itself and shall report to the Board on this evaluation.

## **VI. Committee Resources**

The Committee may, in its sole discretion, retain, terminate, or obtain the advice of professional compensation consultants, independent outside legal counsel, or other advisers to assist the Committee in carrying out its responsibilities under this Charter. The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any compensation consultant, independent legal counsel, or other adviser retained by the Committee. The Credit Union shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel, or any other adviser retained by the Committee. The Committee shall select a compensation consultant, legal counsel, or other adviser to the Committee only after taking into consideration all factors relevant to their independence from management, including the following:

1. the provision of other services to the Credit Union;
2. the amount of fees received from the Credit Union on an annual as a percent of total revenue;
3. the existence of policies and procedures to prevent conflicts of interest;
4. any business or personal relationship with a member of the Committee;
5. any business or personal relationship with a Credit Union Executive.

The Committee may request any Executive or the Credit Union’s outside counsel to attend a meeting or to meet with any members of, or advisors or consultants to, the Committee.

## **VII. Disclosure of Charter**

This Charter will be made available on the Credit Union's website at [www.iccreditunion.org](http://www.iccreditunion.org).

## **VIII. Definitions**

Committee members must be independent actors with no material economic or personal interest in any matter under consideration or review, who act with diligence and integrity after fair and thoughtful consideration of all relevant facts without favoritism or antagonism to the parties involved. A Committee member who is unable to act in an independent manner with regard to a particular matter shall recuse himself or herself from consideration or review of such a matter.