
1. Purpose of the Policy

Leaders Credit Union (Leaders) is committed to providing to its members including those in low-income and underserved communities as many loans, grants, and forbearances as prudent while operating in a safe and sound manner and is committed to attracting and retaining highly qualified executive officers with appropriate and reasonable compensation during their tenure and upon their retirement or termination while remaining in compliance with applicable laws and regulations. Leaders will establish parameters and internal controls to achieve these objectives governing expenditures, which should be customary, prudent, consistent with applicable laws and regulations, and reasonably related to the credit union's business objectives and needs.

2. Excessive or Luxury Expenditures

“Excessive or luxury expenditures” are expenditures within one of the below categories that are not reasonable or appropriate for business development, staff development, performance incentives, or other similar purposes in support of the credit union's normal business operations.

2.1. Entertainment or events

This category includes fees, dues, tickets costs related to social, athletic, artistic and dining clubs, activities, celebrations or other events, and similar expenditures. Entertainment or events expenditures in an amount less than \$20,000 per instance, and \$100,000 on an annual aggregate basis per individual, are exempt from this Policy. Expenditures for charitable contributions and charitable events are not prohibited under this Policy.

2.2. Office and facility renovations

This category includes costs and allowances for office renovation, including expenditures related to furniture, art, office personalization, interior finishing, design and decoration, and similar expenditures. Office and facility renovations expenditures costing less than \$500 per square foot are exempt from this Policy.

2.3. Aviation or other transportation services

This category includes charter fees, tickets, slip or docking fees, vehicle installment payments, reservation and travel agent expenses, and similar expenditures associated with transportation

services (e.g., airline, train, rental cars, or vans). Transportation services expenditures in an amount less than \$20,000 per instance, and \$100,000 on an annual aggregate basis per individual are exempt from this Policy. Mileage reimbursable according to current Internal Revenue Service mileage rates is exempt from this Policy.

2.4. Tax gross ups

This category includes any reimbursement of taxes owed with respect to any compensation.

2.5. Other expenses

Expenditures related to other items not listed in the preceding categories are exempt from this Policy in an amount less than \$20,000 per instance, and together with all expenses permitted under this Policy, may not exceed \$100,000 on an annual aggregate basis per individual.

For the avoidance of doubt, reasonable capital investments in technology, equipment, and similar items that expand the long-term capability of the credit union to provide products and services to its members and community are not excessive or luxury expenditures.

3. Exceptions or Violations

Any exception or violation of this Policy must be promptly reported to the credit union's (i) President/CEO, (ii) Executive Vice President (EVP), (iii) CFO, or (iv) Compliance Officer. Exceptions and violations must be reported to the Board no less frequently than annually, or more frequently as the nature and severity of the violation may warrant. All employees, officers, and Directors must adhere to this Policy and will be held accountable for compliance. Any employee or officer who violates this Policy may be subject to disciplinary action up to and including termination of employment.

Any employee or officer that is aware of any circumstance that may indicate a violation of this Policy is required to report such circumstance to their supervisor or Leaders' compliance team. The credit union prohibits retaliation against any employee or officer for making a good faith report of actual or suspected violations of applicable laws and regulations or of the credit union's code of conduct or policies including this one. A finding of retaliation against any such employee or officer may result in disciplinary action up to and including termination. Failure to promptly

report known violations by others may also be deemed a violation of the credit union's code of conduct.

Employees and officers may ask questions, raise concerns, or report instances of non-compliance with this Policy and/or any of the existing underlying relevant policies by contacting the compliance team.

4. Procedure Development

The President/CEO hereby delegates authority to the CFO to establish processes for the evaluation and approval of expenditures in the preceding categories that are not luxury or excessive expenditures and that are not otherwise exempt from this Policy. The CFO also has authority to establish processes for the reimbursement of reasonable expenditures.

5. Reviews

The procedures developed according to this Policy will be reviewed annually by executive management. Summary data on any excessive or luxury expenditures will be reported to the Board annually. The Board will oversee at its regular meetings all other expenditures with its review of the credit union's financial statements, one of which will show a comparison of actual to budgeted expenses by category.

6. Certification

On an annual basis, the credit union will deliver to the Department of the Treasury a certification, executed by two senior executive officers, of whom one must be either the President/CEO or the CFO, certifying that (i) the credit union is in compliance with this Policy and (ii) the approval of any expenditure requiring the prior approval of any senior executive officer, any executive officer of a substantially similar level of responsibility, or the Board (or a committee of the Board), was properly obtained with respect to each such expenditure.