

Carter Federal Credit Union

Luxury Expenditure Policy

It is the policy of Carter Federal Credit Union (“Carter”) that its employees/directors use member assets in a prudent manner. Reasonable expenditures are defined as appropriate and effective use of resources to achieve Carter’s business objectives to promote the long term success of Carter for the benefit of its members.

Carter prohibits excessive or luxury expenditures on entertainment and events, office and facility renovations, transportation services, conferences, or other similar items, activities or events. All expenditures must be reasonable and appropriate. The list of activities below is not exhaustive and employees should continuously evaluate whether additional items, activities or events are susceptible to excessive spending.

Entertainment and Events

Entertainment is defined as an activity where an Employee or Executive would use credit union funds for business development purposes relating to a current member(s) or prospective member(s) or to further enhance the credit union’s marketing efforts. Expenses for sponsorships, non-profit events or client events should serve a fundamental business purpose, whether it is business development or supporting Carter’s local communities.

Office and Facility Renovations

Renovations and improvements of Carter offices and facilities are done to ensure a reasonably comfortable and safe environment for our members and a reasonably effective and productive work environment for our employees, while balancing the overall expense and benefit to the credit union. Situations which create a safety/health hazard will be remedied as promptly as possible to prevent any accidents or harm to individuals. Office and facility renovations are reported to and approved by Carter’s Building and Grounds Committee.

Transportation Services

Carter pays for reasonable and appropriate travel expenses incurred on behalf of the credit union. Transportation of credit union employees/directors to/from conferences, business development activities or events, and other business-related transportation must be conducted in the most cost-efficient manner available. Decision as to the mode of transportation (e.g., automobile or commercial air service) must be appropriate to the nature of the business-related travel and should take into account factors such as distance, duration, timeliness of travel, weather considerations, etc.

Conferences

Carter encourages its employees/directors to attend conferences that are appropriate educational opportunities. These conferences should be related to the financial services industry and have a direct correlation to their position within the credit union. Whenever possible, employees/directors should consider local conferences in order to minimize travel expenses. In the case of approved out-of-state conferences, employees/directors must be conservative in travel planning, i.e., opt for mid-level hotels rather than luxury accommodations, choose mid-level restaurants rather than high-end gourmet venues, and fly coach class rather than first-class.

Other Expenditures

Carter will continue to scrutinize all expenditures in keeping with the credit union's commitment to providing maximum value to the member owners. In the event that other significant expenditures not covered specifically by this Policy arise, senior management shall make a determination regarding the action that is most appropriate under the circumstances, including, if necessary, consultation with the Board of Directors of the credit union.

Administration of the Luxury Expenditure Policy

All Company employees are required to comply with this Policy. The Chief Financial Officer is primarily accountable for adherence to this Policy and for certifying that prior approval for any expenditure requiring such prior approval was properly obtained. Any employee who becomes aware of any violation of this Policy must, within a reasonable amount of time, report such violation to the Chief Executive Officer, Chief Financial Officer and/or the Chief Operations Officer (i.e. Human Resources). The Chief Financial Officer and/or the Chief Operations Officer shall be responsible for reviewing any reported violations and making a final determination as to whether the Policy was violated. If it is determined that an employee has violated this policy, the employee may be subject to disciplinary action, up to and including termination, depending on the severity of the violation.

Exceptions

Requests for exceptions to this policy must be submitted in writing and may only be approved by the President/CEO and ratified by the Board of Directors.

Amendments

This policy may be amended from time to time to clarify, modify or add provisions as necessary. Within 90 days of adoption of a material amendment to this Policy, the Board of Directors must provide a copy of such amendment to the Treasury and the credit union's primary regulator, and must post a copy of any such amendment on the credit union's web site.