

Excessive and Luxury Expenditures Policy



Purpose

The purpose of this policy is to establish parameters and internal controls governing the expenditures of Marine Federal Credit Union (together with its subsidiaries and controlled affiliates, referred to hereafter as the credit union or CU).

Expenditures of the CU should be customary, prudent, consistent with applicable laws and regulations, and reasonably related to the CU's business objectives and needs. This policy establishes a prohibition on expenditures that are excessive or luxury expenditures as required by the Department of the Treasury's Emergency Capital Investment Program regulations (31 CFR part 35), and as may be required by other statutes and regulations. Routine operating expenses, capital expenditures, and other reasonable expenses are not prohibited by this policy. The CU has authority to provide compensation and benefits that are reasonable.

Responsibility

This policy is the responsibility of the Board of Directors (Board). The Board has approved this policy and will review compliance with this policy, no less frequently than annually. Summary data on excessive or luxury expenditures will be reported to the Board no less than annually.

Scope

This policy applies to all employees, officers, and directors of the CU with regard to any expenditure of the CU. In making any expenditure on behalf of the CU, employees, officers, and directors should consider whether the expenditure is an excessive or luxury expenditure, which is prohibited under this policy.

Excessive or Luxury Expenditures

"Excessive or luxury expenditures" means excessive expenditures on any of the following to the extent not reasonable or appropriate expenditures for business development, staff development, reasonable performance incentives, or other similar reasonable measures conducted in the normal course of the CU's business operations:

- Entertainment and Events
- Office and facility renovations
- Transportation and travel

In all matters, the CU will be responsible with our members' money; the Board and executive management have established budgeting standards that govern spending, including but not limited to office and facility expenses, including furniture and adornments; permissible transportation and travel; and entertainment and events. Nonstandard exceptions to existing budgeting and ethics policies, which might be perceived as excessive or luxury expenditures, must be approved by the board. The President/CEO or his designee(s) shall monitor the policies and expenses and report any perceived violations to the board.

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

The President/CEO shall ensure that there are appropriate processes for the evaluation and approval of expenditures to ensure they are not luxury or excessive expenditures.

Exceptions or Violations

- (1) Any exception or violation of this policy must be promptly reported to the CU's President/CEO and/or Chief Risk and Compliance Officer, or in accordance with the credit union's whistleblower policies.
- (2) 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 his/her supervisor, the Chief Risk & Compliance Officer, or in accordance with the credit union's whistleblower policies.
- (3) The CU prohibits retaliation against any employee or officer for making a good faith report of actual or suspected violations of the CU's code of conduct, laws, regulations, or other policies. 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 code of conduct.
- (4) 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 Chief Risk & Compliance Officer, or if the report concerns the Chief Risk & Compliance Officer, the President/CEO.

Certification

On an annual basis, the ECIP recipient will deliver to the Department of the Treasury a certification, executed by two senior executive officers (one of which must be either the ECIP recipient's principal executive officer or principal financial officer) certifying that (i) the CU 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 such Board), was properly obtained with respect to each such expenditure.