

# MCGRAW-HILL FEDERAL CREDIT UNION

## **GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

### **I. Purpose**

The primary objectives of the Governance and Nominating Committee are to assist the Board by: (i) identifying individuals qualified to become Board members and recommending that the Board select a group of Director nominees for each next annual meeting of the Credit Union's membership; (ii) identifying and recommending individuals to serve as Board Officers; (iii) identifying and recommending individuals to serve as Committee leadership; (iv) ensuring that the Supervisory, Compensation and Governance and Nominating Committees of the Board shall have the benefit of qualified and experienced "independent" Directors; and (v) developing and recommending to the Board a set of effective corporate governance policies and procedures applicable to the Credit Union.

### **II. Organization**

The Governance and Nominating Committee shall consist of three or more Directors, each of whom shall satisfy the applicable independence requirements of the regulatory authorities.

Committee members shall be elected by the Board at the annual organizational meeting of the Board of Directors; members shall serve until their successors shall be duly elected and qualified. The Committee's chairperson shall be designated by the full Board or, if it does not do so, the Committee members shall elect a Chairman by vote of a majority of the full Committee.

The Committee may form and delegate authority to subcommittees when appropriate.

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

The chairperson of the Governance and Nominating Committee will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The chairperson of the Committee shall ensure that the agenda for each meeting is circulated to each Committee member in advance of the meeting.

#### **IV. Goals and Responsibilities**

The Governance and Nominating Committee shall: (i) develop and commend to the Board a set of corporate governance principles applicable to the Credit Union and review and reassess the adequacy of such guidelines annually and recommend to the Board any changes deemed appropriate; (ii) develop policies on the size and composition of the Board; (iii) review possible candidates for Board membership consistent with the Board's criteria for selecting new Directors; (iv) perform Board performance evaluations on an annual basis; (v) annually recommend a slate of nominees to the Board with respect to nominations for the Board at the annual meeting of the Credit Union's membership; (vi) review and discuss with Management the program that Management has established to monitor compliance with the Credit Union's Code of Business Conduct and Ethics for Directors, Officers and employees; and (vii) generally advise the Board (as a whole) on corporate governance matters.

Together with the Supervisory Committee, assist the Board in its oversight of legal and regulatory compliance. The Supervisory Committee shall have sole oversight over matters of financial compliance (accounting, auditing, financial reporting and member disclosures). As to all other areas of compliance ("non-financial compliance"), the Committee shall have oversight responsibilities in the first instance; however, the two committees shall meet jointly at least annually to review the major non-financial compliance matters, including: overall state of compliance, significant legal or regulatory compliance exposure, and material reports or inquiries from regulators. The Committee shall periodically report to the Board with respect to the effectiveness of the program established to monitor compliance with the Credit Union's Code of Business Conduct and Ethics for Directors, Officers and employees. IN the event the Committee becomes aware of matters which in its judgment may affect the Credit Union's financial statements, it shall promptly report such matters to the Supervisory Committee in order to assist the Supervisory Committee in its oversight of legal and regulatory matters pertaining to financial compliance.

The Committee will consider director candidates proposed by members, provided that the member recommendation complies with the Credit Union's by-law provisions requiring that member submissions be submitted to the Credit Union's Corporate Secretary in a timely manner and include the information called for the Credit Union's by-laws concerning (a) the potential nominee and (b) the person proposing the nomination. The Committee will use the same process for evaluating a member director candidate as it uses

for any other potential nominee.

The Committee shall also advise the Board on (a) committee member qualifications, (b) committee member appointments and removals, (c) committee structure and operations (including authority to delegate to subcommittees), and (d) committee reporting to the Board. The Committee shall maintain an orientation program for new Directors and a continuing education program for all Directors.

The Committee will annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

The Committee shall perform any other activities consistent with this Charter, the Credit Union's By-laws and governing law as the Committee or the Board deems appropriate.

## **V. Performance Evaluation**

The Governance and Nominating Committee shall conduct an annual performance evaluation of itself.

## **VI. Committee Resources**

The Governance and Nominating Committee shall have the authority to obtain advice and seek assistance from internal or external legal, accounting or other advisors. The Committee shall have the sole authority to retain and terminate any search firm to be used to identify Director candidates, including sole authority to approve such search firm's fees and other retention terms.

## **VII. Disclosure of Charter**

This Charter will be made available on the Company's Web site at [www.mcgrawhillfcu.org](http://www.mcgrawhillfcu.org).

**Drafted: January 27, 2010**  
**Approved: February 16, 2010**