

## **CoBANK, ACB AND CoBANK, FCB BOARDS OF DIRECTORS Governance Committee Charter**

### **Overall Objective of the Governance Committee**

The primary purpose of the Governance Committee is to oversee and recommend for consideration and approval by the CoBank, ACB and CoBank, FCB (individually and collectively, the “bank”) boards of directors (individually and collectively, the “board”) of corporate governance processes and structures that are consistent with leading practices.

### **Committee Operations**

The Governance Committee shall consist of at least three board members and a majority of the members shall constitute a quorum. The act of the majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. No director who is seeking re-election to the board in a given year may serve as chair of the Governance Committee during that year. No member of the committee shall accept any consulting, advisory or other compensatory fee from the bank other than in connection with serving on the board or any standing or ad hoc board committee or as a board resource to any independent committee such as the Nominating Committee.

The committee shall meet as often as it determines, but no less frequently than four times annually. The committee shall retain records of its meetings, including attendance, for at least three years. The committee shall report on its meetings at the next regular meeting of the board. Minutes of each committee meeting will be signed by the committee chair and recording secretary, or any other individual acting in their place at the meeting, after their approval at the next regularly scheduled meeting. Minutes will be available for review by the committee in advance of its next regularly scheduled meeting.

Bank management will ensure the availability of staff and financial resources to support the function of the committee. The committee may retain outside resources to assist in carrying out its responsibilities. The committee is encouraged to meet in executive sessions and may excuse bank management from any meetings where their presence might discourage open discussion among directors or unduly influence decisions that are within the committee’s prerogative.

### **Authorities and Responsibilities**

The Governance Committee shall have the following authorities and responsibilities. From time to time, the board may adjust existing authorities and responsibilities or assign additional authorities and responsibilities on either a continuing or one-time basis.

#### *A. Governance Issues Applicable to the Entire Board or Board Committees*

The committee shall:

1. Recommend board meeting dates;

2. Conduct an annual assessment of the board's collective needs, skills, expertise and knowledge for purposes of identifying the qualities needed on the board;
3. Develop and recommend to the board a charge to the independent Nominating Committee that will result in the identification and evaluation of candidates who will bring to the board specific knowledge, industry experience, human equity (including diversity in the broadest sense, taking into account race, ethnicity, gender, age, life experience and thought) and capabilities—reflecting the board's assessment of its needs. The committee will ensure that the Nominating Committee's selection of a candidate slate complies with the bank's governance bylaws and board policy on director qualifications and elections and meets any minimum requirements for industry representation;
4. Develop and recommend to the board a Director Election Calendar reflecting deadlines for important stages in the director nominations and election process and recommend a Record Date for stockholders eligible to vote in the director elections, an independent teller to tabulate election results and compensation for service on the Nominating Committee;
5. Designate a Nominating Committee Chair to oversee the director election process, and assign a director who is a current committee member and is not up for election at the time, and the Election Officer named in CoBank's bylaws, as resources to the Nominating Committee;
6. Provide such input to the Nominating Committee as it may request in connection with its selection of candidate slates for directors and for Nominating Committee members, each to be submitted to voting stockholders for approval;
7. Report on Nominating Committee activities and director elections to the board;
8. Make recommendations to the board regarding corporate governance matters and leading practices to enhance the effectiveness of the board and its committees, including without limitation recommendations for policies governing board leadership succession and the appointment and reappointment of outside and appointed directors, and such recommendations made by board Restructuring Committees or independent consultants. Oversee and report on the implementation of all board-approved recommendations regarding corporate governance and board effectiveness except those recommendations that the board delegates to another board committee. As part of this responsibility, the committee will periodically review the structure and responsibilities of the board's committees and leadership, and recommend changes to the board, if any;
9. Review the process for and report on an annual self-evaluation of the board's performance;
10. Review and direct the process for an annual self-evaluation of board committee performance, and review Governance Committee self-evaluation results;

11. Review and recommend special compensation for board members, if any, due to exceptional demands placed on the time of board members, and provide guidance to the Chair of the board in determining whether to excuse an absence or reduce a director's compensation for a missed meeting, pursuant to board policy;
12. Review director expenses on a quarterly basis, and report on director expenses on an annual basis;
13. Review a report on non-commercial air travel by board members on a quarterly basis, which report shall summarize written pre-authorizations by the Chair of the board, together with the Chief Executive Officer, pursuant to board policy;
14. Review and reassess the adequacy of this Charter annually, and the other board committee Charters every odd year, or more frequently as necessary, and recommend any proposed changes to the board for approval;
15. Review and recommend proposed changes to the bank's Bylaws, and recommend Record Dates and special meeting dates for any stockholder votes related thereto;
16. Recommend an annual schedule of board-related meetings and trainings;
17. Post-review the circumstances giving rise to action by the Executive Committee on behalf of the board between board meetings and report to the full board and annually review and recommend reaffirmation, if appropriate, of the Executive Committee's authority; and
18. Recommend approval of board resolutions regarding signatory authority and resolutions of appreciation for board officers and board members.

*B. Governance Issues Applicable to Individual Directors*

The committee shall:

1. Recommend prospective outside and appointed directors as required to ensure an appropriate balance of knowledge, experience, human equity, diversity in the broadest sense, and capability on the board, reflecting the board's criteria for selecting such directors and the appointment process adopted by the committee;
2. Develop recommendations to the board with respect to the re-appointment of outside and appointed directors. In developing these recommendations, the committee will take into account the process adopted by the board, as well as the overall needs of the board, encourage the referral of outside and appointed director candidates from all sources and provide for the evaluation of all such candidates;
3. Develop recommendations to the board on whether to fill a vacant director seat by a special election or board appointment;

4. Periodically review and recommend changes to the board policies on Director Compensation, Travel and Reimbursements, Director Development and Training, Director Responsibilities and Conduct and Director Qualifications and Elections. The review of Director Responsibilities and Conduct board policy will include any substantive changes to the various disclosure forms to be completed by candidates and directors, while the review of Director Qualifications and Elections board policy will include the director election rules and assistance to be provided;
5. Review the periodic director peer evaluation process and report on results to provide for a meaningful feedback mechanism to promote director development;
6. Review and recommend approval of reports on director disclosures and on director independence on an annual basis; review reports on director loans (including loans and leases made by Farm Credit Leasing Services Corporation with persons or entities with which directors are affiliated) on a quarterly basis and an annual basis; and review updated director disclosures (including director independence disclosures) on a semi-annual basis;
7. Resolve possible conflicts of interests of board members, in consultation with the board chair;
8. Review and recommend a broad range of director development programs which support the bank's objectives; and
9. Periodically review reports of the development programs attended by individual directors, and recommend to the board appropriate action with regard to directors who do not avail themselves of developmental opportunities pursuant to board policy.