This complimentary policy is provided by [CUES](http://www.cues.org) and our strategic partner [Quantum Governance, L3C](https://quantumgovernance.net/).

Read more about the recent board renewal work by Quantum Governance:

* "[A Continuously Bigger and Better Box](https://www.cumanagement.com/articles/2022/02/continuously-bigger-and-better-box)"
* "[Hudson Valley Credit Union's Call for Board Candidates Refresh](https://www.cumanagement.com/articles/2022/02/hudson-valley-credit-unions-call-board-candidates-refresh)"
* "[Key Outcomes and Lessons Learned from a Board Renewal Effort](https://www.cumanagement.com/articles/2022/01/key-outcomes-and-lessons-learned-board-renewal-effort)"

For additional support developing a robust board renewal plan, contact CUES at 800.252.2664 or [cues@cues.org](mailto:cues@cues.org).

**Board Renewal Policy**

Description

This Policy describes a plan for the renewal of the *[[CUName]]*’s (Credit Union) Board of Directors (Board).

Purpose

To achieve a high performing, accountable, governing Board, it is understood that the Credit Union needs to take deliberate, continuing and intentional actions to improve the quality and ongoing effectiveness of its Board members. This Policy helps to ensure that a framework is in place for an effective and orderly succession of Board members. It will result in the collective knowledge, skills, experience and diversity necessary for the Board to effectively govern and lead the Credit Union, in constructive partnership with the Chief Executive Officer (CEO) and Senior Management.

Authority

This Policy is adopted by a majority vote of the Board pursuant to the Credit Union’s Bylaws.

**Responsibility**

This Policy applies to all current Board members and to Credit Union members who are interested in being nominated for election by the Credit Union’s Board or to being appointed by the Board, in the event appointment is appropriate.

Objectives

The key objectives of this Policy include:

* A focus on excellence and a performance-based culture in governance by developing volunteer leadership based on needed skills, characteristics and attributes that align with the Credit Union’s strategic goals.
* Commitment to a Board Renewal Process (Process) that is fair, open, transparent, competency-based, inclusive and consistently applied.
* Support for the continuity of leadership through a measured renewal plan for both Board members and the volunteer leadership structure (i.e., Board officers and committee chairs).
* Regularly evaluating volunteer leaders to build a learning culture and ensuring that all volunteer leaders meet the Credit Union’s needs in terms of skills, characteristics and attributes.
* Addressing any concerns raised in regular Board evaluations with underperforming Board members to reinforce a culture of accountability at the Board level that is in-line with the culture of accountability held by the Board for Senior Management.
* Providing ongoing education to develop and inspire exceptional Board performance, both individually and collectively.
* Developing and executing the Process to deliver the most qualified Board members and leaders in support of the Credit Union’s strategic goals.
* Ensuring that the Process is ongoing, throughout the year, not just when there are openings on the Board.

Responsibility by Cohort

Board Members. This Policy applies to all Board members and shall be implemented in alignment with other Credit Union policies. Board members and Board officers are responsible for fully participating in and executing the Process in compliance with this Policy.

Chief Executive Officer. The CEO is responsible for ensuring adequate support is provided to the Board and the Governance & Nominations Committee (Committee) to successfully implement this Policy. The CEO should:

* Regularly be consulted regarding the optimum skills, characteristics and attributes needed in Board members to meet the Credit Union’s strategic goals.
* Help develop criteria to identify, screen, elect and/or appoint future Board candidates.
* Provide opinions, feedback and guidance regarding potential Board candidates.
* Participate in the interview process.
* Participate in the Board member evaluation process.
* Be recused from the decision-making process regarding a final list of nominees and/or a potential slate of candidates.

*[[Optional:*

*Senior Management****.*** *Senior Management may be consulted by the CEO concerning the optimum skills, attributes and experience needed in Board members and possible criteria to identify, screen and elect/appoint future Board candidates.]]*

Governance & Nominations Committee. The Committee shall have the primary responsibility for implementing this Policy. The Committee Chair will coordinate with the Board Chair to finalize key elements of the Process, including but not limited to 1) Determining the optimum skills, characteristics and attributes needed in Board members; 2) Outlining the criteria for identifying, electing and/or appointing future Board candidates; and 3) Coordinating the content, format, timing and implementation of a regular Board evaluation process.

**PLEASE NOTE: The duties of the Committee are contained in its charter. This Policy sets forth with greater specificity the role of the Committee in carrying out its duties regarding Board renewal. This Policy is intended to supplement the Committee’s charter, not to limit its scope in any way.**

Procedures

**PLEASE NOTE: The following procedures must be tailored to the Credit Union’s unique charter, applicable regulations and policies regarding rules of election/appointment and term limits – formal or informal – and the existence of an Associate Board Member Program, as relevant.**

The Committee, regarding Board renewal specifically, shall be responsible for implementing the following procedures:

* + - 1. Tracking Data and Information Regarding Current/Active Board and Associate Board Members
* Ensuring that annually each Board and Associate Board member submits to the Committee Chair the Succession Planning & Board Development Questionnaire for Current Board Members (Questionnaire) (see Appendix A) indicating, to the best of their knowledge, their likelihood to complete the current term and/or seek nomination for an additional term.
* The Committee Chair will annually review the completed Questionnaires with each Board member. If at any time Board members become aware of unavoidable circumstances which may lead to resignation from the Board earlier, they are expected to immediately discuss the situation with the Board Chair and the Committee Chair.
  + - 1. Regularly Evaluating Board Member Performance
* Overseeing the implementation of a Board member evaluation process to be conducted on a regular basis. The evaluation tool shall be on a peer-to-peer basis, and the specific tool shall be approved by a majority vote of the Board.
  + The evaluations shall be conducted on each Board member once a year.
  + The results of the evaluations shall be reviewed at a private meeting among the individual Board member, the Board Chair and the Committee Chair. At this time, should it be necessary to address any concerns, a plan will be developed to address those concerns in the time remaining in the Board member’s term, if that Board member’s term is expiring in the coming year.
  + To evaluate the Board Chair, their results shall be reviewed at a private meeting among the Board Chair, the Committee Chair and the Vice Chair.
  + To evaluate the Committee Chair, their results shall be reviewed at a private meeting among the Committee Chair, the Board Chair and the Vice Chair.
* If a Board member’s term is expiring, and they are currently operating under a corrective plan, and said Board member has determined to run for nomination, their performance shall be evaluated once again using the same tool during the nominations period. At this time, a progress report shall be created summarizing the results of both evaluations, and the overall performance throughout the Board member’s term reviewed both with that Board member and the Committee.
  + - 1. Creating and Updating A Board Member Skills Matrix
* Helping the Board to define the optimum skills, characteristics and attributes that the Credit Union needs to govern effectively and memorializing such in an Ideal Board Member Profile.
* Memorializing and continuously updating two Board Matrices: (1) the Current Board Matrix that includes current Board members and their skills, characteristics and attributes; and (2) An Ideal Board Matrix that includes desired skills, characteristics and attributes for future Board members.
* Assessing the skills, characteristics and attributes of current Board members.
* Identifying and monitoring current or potential gaps and redundancies in Board member skills, characteristics and attributes considering the Credit Union’s future strategic vision, mission and goals and updating the Ideal Board Matrix based on these gaps on a regular basis.
* Reporting the overall results of the Process to the Board on an annual basis, which includes identifying any current or future skills gaps, as well as opportunities for improvement in the Process or the overall Ideal Board Member Profile. This report also includes information concerning individual or collective educational needs, as well as reinforcing any positive Board renewal trends and Board accomplishments.
  + - 1. Recommending Board Candidates for Renewal and/or Nominations
* Evaluating current Board members, based on the Process outlined above, to determine if they should be nominated for re-election.
* Maintaining an evergreen[[1]](#footnote-1) list of potential Associate Board member candidates who fit the Ideal Board Member Profile and considering potential candidates from this list.
* Identifying additional, potential Board candidates who fit the Ideal Board Member Profile.
* After carefully following the above Process, finalizing a list of nominees – or a recommended slate – for Board election.
* The Committee shall use any such tools as it deems necessary to evaluate and determine a final list of nominees. This includes interviews, reference checks and background checks, as well as psychodynamic testing tools, external consultants, etc.
* Developing and delivering a robust on-boarding program for new and Associate Board members.

The Committee shall be authorized to hire outside consultants, if needed, to assess Board effectiveness and/or identify potential Board and Associate Board member candidates.

Communications

The Credit Union is committed to ensuring that its governance policies and practices, including those associated with Board renewal, are transparent to its Board, Board-level committees, the regulatory community and the Credit Union’s membership. The Committee will ensure that this Process is conducted in conformance with the Credit Union’s Bylaws, policies and applicable state and federal rules and regulations and that the results are effectively communicated in a timely manner to the full Board and the Credit Union’s membership.

**Policy Review**

This Board Renewal Policy shall be reviewed annually by the Governance & Nominations Committee to determine whether changes should be made.

**Board Authorization**

This Board Renewal Policy was approved by the Board at a meeting dated: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

|  |  |  |  |
| --- | --- | --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Secretary of the Board | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date | |
|  | |  | |

**Acknowledgement[[2]](#footnote-2)**

By my signature below, I certify that I have received, read, understand and agree to comply with the terms of Board Renewal Policy.

|  |  |
| --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date |

A picture containing text

Description automatically generated**Quantum Governance** provides credit unions, corporations, nonprofits, associations and governmental entities with governance and strategic consulting, facilitation and assessment. The firm is a unique L3C organization that integrates the best of the for- and non-profit communities into one practice. It is a low-profit, limited-liability service firm dedicated to the public good. This document is not intended for wide distribution nor to be relied upon for any purpose beyond its intended scope as an example Board policy. We are not providing legal services or offering legal advice of any kind. Please consult legal counsel in approving all governing documents. **Learn more at quantumgovernance.net.**

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**Appendix A**

Succession Planning & Board Development Questionnaire

for Current Board Members

This questionnaire will help us understand what your future leadership goals are as a volunteer leader of the Credit Union.

|  |  |
| --- | --- |
| Name: |  |
| Current Board Position(s): |  |
| Years in Current Position(s): |  |
| Years on the Board: |  |

1. If you would like to remain in your current position, please indicate this. If not, please indicate what position you are interested in holding. This need not be limited to open positions, as other positions may come open with these changes. You may also list more than one position.
2. We would also like to maintain a succession plan for the next three years. Please share your goals for future leadership positions at the Credit Union.
3. Whether or not you plan to vacate your current position next year, we would like your ideas for a possible successor. If you plan to serve again next year in your current position, who could you start mentoring that may be ideal for this position in the future?
4. What other committed, responsible, creative individuals (who meet most of the Board Member Profile qualities) should we be talking to about serving on the Credit Union’s Board or Board committees? Please list anyone that you think would be a good addition to our team. This can include named individuals, or suggestions for where to look for future candidates.

If you have questions, please contact: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. An evergreen list contains potential Associate Board member candidates that the Committee has agreed would eventually be effective, full Board members and who have indicated a desire and availability to be Board members. Finally, these individuals have been conditionally approved by the full Board. [↑](#footnote-ref-1)
2. Note: The Acknowledgement statement and signature block should be included on each Board-level policy (including job descriptions and committee charters) unless such policies are collected together in one Board-level governance policy manual. In such cases, one Acknowledgement statement and signature block will suffice for the entire governance policy manual and all of the policies contained therein. [↑](#footnote-ref-2)