



## Nominating Committee Charter

### **I. PURPOSE**

This Nominating Committee Charter (Charter) governs the operations of the Committee. The Committee is a Committee of voting stockholders – and not a committee of the Board. The Committee remains independent of the board of directors and management of Southern AgCredit (Association). Service on the Committee is one of the most important contributions that the Association's stockholders can render.

The primary responsibility and mission of the Committee is to confidentially identify, evaluate, and nominate candidates for election to the board of directors for the Association to ensure that director candidates have sufficient skills and experience to provide sound guidance and leadership to the Association.

The Committee's authority is based upon section 4.15 of the Farm Credit Act of 1971, as amended, and FCA regulations at 12 CFR part 611, subpart C.

### **II. STANDARDS OF CONDUCT**

The members of the Nominating Committee shall comply to the Association's Standards of Conduct, including executing a disclosure form consistent with and in the same form as required of the Association's board of directors.

Committee members shall recuse themselves from any matter consistent with the Association's Standards of Conduct and director prohibited conduct; remain objective; exercise reasonable care in carrying out Committee duties; remain diligent and impartial; exercise independent judgment; remain honest in all Committee dealings and exemplify fairness.

### **III. ORGANIZATION**

The Nominating Committee is not a committee of the Board, and its independence from the influence of the Board and management is critical to the success of the Association and preservation of stockholder control.

The Committee shall be comprised of five stockholders who own voting stock and are representative of the Association's regional, geographic or commodity goals. When a loan has more than one obligor, resulting in shared ownership of the voting stock, any one of those obligors may serve on the

Committee. Service on the Committee shall not be restricted to the obligor designated to cast the vote for all obligors on the loan. However, only one of the obligors sharing ownership of the voting stock may seek the opportunity to serve on the Committee within an election cycle.

Further, a stockholder is ineligible to serve on the Committee if the stockholder is a director, director candidate, an officer, employee or agent of the Association. Stockholders are also ineligible to serve on the Committee if they would otherwise be ineligible from serving on the board of directors consistent with the Association's policies or by-laws.

The term of office for the Committee is one year, however, members may be re-elected to consecutive terms. At the beginning of each term, the five elected Committee members shall elect a chairman.

### **III. RESPONSIBILITIES**

In discharging its appointment, the Committee will:

- Utilize the current list of stockholders and other resources to identify individuals who are qualified and willing to serve as directors that meet the Association's regional, geographic and commodity representation goals.
- Evaluate the qualifications of potential nominees with a focus upon the desired director qualifications provided by the Association.
- Endeavor to ensure representation from all areas of the Association's territory, and as nearly as possible, all types of agriculture practiced within the Association's territory.
- Endeavor to seek out qualified candidates representative of diverse backgrounds and skills. Diversity includes demographic diversity, such as income, age, gender and ethnicity differences.
- Document and keep a record of the qualifications of a chosen candidate to be included on the ballot.
- Remain impartial while preserving the Committee's independence in selecting director candidates.
- Review and discuss all election materials required by regulations, including evaluating potential candidates against the desired director qualifications policy and considering any needs identified in the Board's self-evaluation.
- Review eligibility requirements as set forth in the Farm Credit Act of 1971, as amended, FCA regulations, the Association's by-laws and any Association director qualification policies.
- Review certifications by director candidates of eligibility to serve as a director of the Association.
- Consider whether to invite a director, officer, employee or agent to Committee meetings to answer questions on general matters, such as director qualifications and duties, issues the Association will face in the future, and any specific skills and knowledge not adequately represented on the current Board.
- Accept from directors and the Association staff, as the Committee deems appropriate, the names of stockholders who might be willing to serve as directors.
- Disallow others from influencing the nomination process.
- Preserve the Committee's independence in selecting director candidates.
- Keep the Association's Board of Directors' self-evaluation confidential at all times and execute a non-disclosure agreement to prevent the disclosure of the board's self-evaluation.
- Orientate new members to Committee actions.

- Ensure competitive elections by nominating at least two qualified and suitable individuals for each open position.
- Ensure that no current director, director candidate, officer, employee or agent serves on the Committee, nor is present when the Committee deliberates or votes on whom to nominate.
- Should the Committee be unable to identify more than one qualified candidate, the Committee should provide a written description of its efforts to locate other candidates and an explanation as to why only one candidate was selected.
- Consider whether any hindrances exist that may prevent a director candidate from carrying out his or her duties.
- Contact director candidates to determine their willingness to serve on the Board of Directors for the Association.
- Maintain a record of its meetings, including, but not limited to, minutes and documentation of information reviewed.
- Prepare and maintain a written report of the Committee's efforts to identify director candidates.
- Request logistical, clerical, and administrative support from the Association as deemed necessary by the Committee.

#### **IV. MEETINGS**

The Committee will meet at least annually, or on a more frequent basis as necessary to carry out its responsibilities. Regular meetings throughout the year are encouraged, but not required, rather than waiting on the month of the election. Meetings may be called by the chairman of the Committee, or if necessary, by the Chairman of the Board. A quorum is considered met when three or more members gather.

#### **V. REPORTING**

The Committee shall submit the minutes of all meetings to voting stockholders at the Annual Stockholders' Meeting and the Governance Committee.

#### **VI. OATH OF OFFICE**

Before taking office as a member of the Committee, the elected member shall swear or affirm that he or she will faithfully discharge his or her duties as a member of the Committee in accordance with this Charter, the Association's bylaws and policies, Farm Credit Administration regulations, and to the best of his or her ability.

Reviewed: February 23, 2021