



Corporate Governance Principles



Corporate Governance Principles

Document Title:	Corporate Governance Principles
Document Owner:	Executive/Legal
Document Type:	Standards
Bank Level Approver:	Executive/Legal
Board Level Approver:	Board of Directors
Last Review Date:	April 2020
Next Review Date:	February 2021
Law/Regulatory Citation:	12 CFR 1236 (Prudential Standards) 12 CFR 1239 (Corp Practices and Governance) 12 CFR 1261 (FHLBank Directors)
Associated Governing Document(s):	Board Officer Selection Procedures Director Election Procedures Code of Ethics



Corporate Governance Principles

Table of Contents

I. Introduction	1
II. Mission of the Board.....	1
III. Composition and Duties of the Board.....	1
IV. Leadership	4
V. Board Meetings	5
VI. Board Committees	6
VII. Evaluation and Performance Assessment	7
Director Position Description.....	Appendix A



Corporate Governance Principles

I. Introduction

The Board of Directors (“Board”) of the Federal Home Loan Bank of Des Moines (“Bank”) has adopted the following principles of corporate governance (“Principles”) to assist the Board in effectively carrying out its responsibility of overseeing and providing strategic direction to the Bank. These Principles are intended to align with and support the mission of the Bank, which is to be a reliable provider of funding, liquidity and services for our members so they can meet the housing, business, and economic development needs of the communities they serve. These Principles are guided by our shared values that guide behavior and culture within and on behalf of the Bank. The Board will review these Principles at least annually and make such changes as it deems necessary and appropriate.

II. Mission of the Board

The Board provides oversight and strategic guidance to the Bank’s management and is responsible for defining and advancing the mission and activities of the Bank and for addressing the interests of its constituencies. The Board establishes the Bank’s risk appetite, and oversees senior management by holding them accountable to strategic objectives, the risk appetite, effective governance, and safe and sound operations.

III. Composition and Duties of the Board

A. Core Competencies of the Board and Personal Characteristics

1. Skill and Experience for the Board as a Whole

The Board has determined that experience or skills in the following areas are desirable for the Board as a whole in order to support the Bank in achieving its mission and strategy now and in the future:

- Enterprise-wide, credit, market, liquidity, operations and business risk management;
- Strategic planning;
- Legal and Regulatory Compliance
- Project development and management;
- Information technology;
- Information security;
- Corporate Governance;
- Banking, insurance, mortgage finance, including the secondary mortgage market, and housing industries;
- Auditing, accounting, financial management and analyzing and understanding financial reports;
- Leadership practices that lead to organizational effectiveness.
- Asset/liability and portfolio management, capital markets, and operational and organizational management;
- The Federal Home Loan Bank System;



Corporate Governance Principles

- Consumer or community interests in banking services, credit needs, housing, or consumer financial protections; and
- Business process management.

2. Individual Characteristics

The Board has determined that its members should exhibit specific personal characteristics in order to effectively fulfill their responsibilities and duties as directors.

All directors should:

- Have high ethical standards and integrity in their personal and professional dealings;
- Be willing to act on and remain accountable for their boardroom decisions;
- Be able to provide wise, thoughtful counsel on a wide range of issues;
- Be financially literate;
- Be politically aware;
- Possess a mature confidence;
- Approach their peers on the Board responsibly, supportively, and with self-assurance;
- Demonstrate sensitivity to stakeholder relations and expectations;
- Demonstrate cultural awareness, understanding and appreciation of different cultural needs;
- Demonstrate a desire to create inclusive environments where all voices and opinions are heard;
- Value Board and team performance over individual performance; and
- Be inquisitive and comfortable asking questions of management.

As part of its review of these Principles, the Board periodically reviews the desired core competencies of the Board and the desired characteristics of individual directors to ensure that each captures the skills and experience needed to address the current issues facing the Bank.

3. Diversity and Inclusion

The Board values a culture of diversity and inclusion and is committed to fostering diversity and inclusiveness amongst the Bank's employees, directors, and suppliers. The Board plays a key role in developing and executing the Bank's Diversity and Inclusion Strategic Plan ("D&I Plan") to ensure that efforts tied to the D&I Plan align with regulatory requirements and established goals and initiatives to achieve the Bank's overall strategic objectives.

The Board encourages the consideration of diversity in nominating or soliciting nominees for positions on the Board. Diversity encompasses not only those characteristics of gender, race, and ethnicity but also diverse thoughts and ideas gained through education and life experiences. To benefit



Corporate Governance Principles

from diversity, the Bank will be inclusive of and actively promote increased awareness and empathy towards the diversity of those associated with the Bank. Differences will be valued and respected, enabling the Bank to more effectively fulfill its mission, realize its vision, live its values, and achieve its financial goals.

B. Vacancies

Vacancies in independent or member directorships are filled by a vote of the Board for the remainder of the unexpired term with a person eligible to serve in such capacity.

C. Responsibilities

1. Basic Duties

The Bank's business is conducted by its employees, managers and officers, under the direction of the President and CEO and the oversight of the Board, to enhance the long-term value of the Bank for its members. The Board of Directors is responsible for overseeing management and assuring that the long-term interests of the Bank's membership are being served in a manner consistent with its strategic objectives. The Board must fulfill specific duties prescribed under the Federal Home Loan Bank Act, as amended, and the Federal Housing Finance Agency (FHFA) regulations. In addition, the Board of Directors has adopted a Director Position Description, appended hereto, which sets forth the manner in which each director is expected to carry out his or her responsibilities as a member of the Board. Both the Board and management recognize that the long-term interests of shareholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties including employees, recruits, customers, communities, government officials and the public at large.

In order to meet their fiduciary responsibilities in serving on the Board, directors are expected to carry out their duties in good faith, in a manner directors believe to be in the best interests of the Bank, and with such care, including reasonable inquiry, as ordinarily prudent persons in a like situation would use under similar circumstances. Directors also have the duty to administer the affairs of the Bank fairly and impartially and without discrimination in favor of or against any member. Directors are expected to be familiar with basic finance and accounting practices, including the ability to read and understand the Bank's balance sheet and income statement and to ask substantive questions of management and the Bank's internal and external auditors. Directors are also expected to oversee the operations of the Bank in conformity with the requirements of the Federal Home Loan Bank Act and FHFA regulations.

2. Ethics and Conflicts of Interest

Directors are required to disclose any conflicts of interest that arise in connection with their service on the Board. Complete candor is the standard.



Corporate Governance Principles

Directors must abide by all Bank policies addressing how to handle conflicts of interest and confidential information, including the Bank's Code of Ethics.

3. Director Orientation and Continuing Education

The Board and management conduct an orientation program for new directors to become familiar with the Bank's vision, mission, strategic direction, and shared values including ethics, governance, risk management and financial matters. The Board also recognizes the importance of continuing education for its directors, and requires each Director to annually participate in at least one continuing education program.

4. Director Access to Employees, Management and Independent Advisors

a. Accessing Independent Advice

The Board may retain its own professionals to assist it in evaluating proposals from management. The Board, as well as each Committee, will retain independent outside financial, legal, compensation, or other advisors as appropriate at the expense of the Bank.

b. Access to Executives and Other Officers

Directors are encouraged to become acquainted with senior officers of the Bank by arranging for them to report to, and meet periodically with, the Board of Directors and its Committees.

c. Regular Attendance of Non-Directors at Board Meetings

In addition to the President and CEO, the senior officers of the Bank, including the Chief Audit Executive, and others with corporate secretarial duties shall regularly attend Board meetings.

5. Board's Interaction with Stakeholders

At least one Director meets with the Advisory Council (AC) at its quarterly meetings. Directors are also encouraged to attend member regional meetings, system meetings with the FHFA, and congressional outreach events.

IV. Leadership

A. Selection of the Board Officers

The Chair and Vice Chair of the Board are elected by the Board in accordance with the Board Officer Selection Procedures. Both member and independent directors may serve as Chairperson or Vice Chairperson. Each Chair and Vice Chair is elected for two-year terms.

B. Selection of the Committee Members

The Chair, in consultation with the Vice Chair, of the Board has responsibility for appointing directors to Board committees, including the selection of each



Corporate Governance Principles

committee chair and vice chair. The Chair shall take into consideration the need for continuity, subject matter expertise, tenure and the desires of individual Board members. The Board believes that a mix of member and independent directors on all Committees is desirable.

In accordance with FHFA regulations, appointments to the Board's Risk Committee shall be made in a manner to ensure that: (i) at least one Risk Committee member possesses risk management experience that is commensurate with the Bank's capital structure, risk, appetite, complexity, activities, size, and other appropriate risk-related factors; and (ii) Risk Committee members have, or will be able to acquire within a reasonable time after being appointed to the Committee, a practical understanding of risk management principles and practices relevant to the Bank.

Also in accordance with FHFA regulations, appointments to the Board's Audit Committee shall be made in a manner to ensure that: (i) to the extent practicable, the Audit Committee includes a balance of representatives of (a) community financial institutions and other members; and (b) independent directors and member directors.

C. Formal Evaluations of the President and CEO

The Board conducts a formal evaluation of the President and CEO on an annual basis. The President and CEO is reviewed against pre-established performance factors that are set at the beginning of each year.

D. Management Succession Planning

Overall responsibility for succession planning resides with the Board. The Chief Human Resources and Administrative Officer is responsible for developing and maintaining a process for advising the Board on planning for potential successors for key leadership positions in the Bank. The directors are responsible for oversight of the succession management and development program for executive leadership in the Bank and for reviewing the plan at least annually.

V. Board Meetings

The Board holds regularly scheduled meetings and calls for special meetings as necessary. Occasionally, meetings of the Board may be held telephonically. Directors are expected to attend all Board meetings and meetings of the committees of the Board on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their duties. It is understood that, on occasion, a director may not be able to attend a meeting.

A. Selection of Agenda Items

The Chair of the Board, with input from management, is responsible for the preparation of the agenda of the Board.

B. Participation in Strategic Issues Discussions



Corporate Governance Principles

The Board engages in discussions on strategic issues and management ensures that there is sufficient time devoted to director interchange on these subjects so that the Board is able fulfill its responsibility of providing strategic oversight and direction.

C. Executive Sessions

The Board and its committees routinely hold executive sessions where they can react to management proposals and/or actions in an environment free from formal or informal constraints.

VI. Board Committees

A. Number, Structure and Independence of Board Committees

To the extent not prohibited by the Bank's Bylaws and applicable laws, the Board may establish and delegate certain of its responsibilities to Board committees. From time to time when the Board deems it either necessary or desirable, the Board may also establish one or more ad hoc or special purpose committees or task forces. Any responsibilities that are delegated to a committee by the Board may be addressed by the Board without a committee meeting.

Each committee designated by the Board has its own charter and work plan which set forth the purposes, goals, Board-authorized responsibilities, meeting frequency and committee composition.

B. Frequency, Schedule and Length of Board Committee Meetings

Each committee meets as frequently and for such length of time as may be required to carry out its assigned duties and responsibilities. The schedule for regular meetings of the Board and committees for each year is submitted and approved by the Board in advance. In addition, and in accordance with the Bank's Bylaws, a special meeting may be called at any time.

C. Responsibilities of Committee Chairs

Each committee chair, with input from the committee vice chair and committee liaison, is responsible for the following:

- Preparing committee meeting agendas;
- Providing feedback and input to the committee liaison on committee meeting materials;
- Providing leadership to ensure that committee members are aware of their obligations and that the committee complies with its responsibilities;
- Ensuring there is sufficient time during the meeting to fully discuss agenda items;
- Ensuring that discussion on agenda items is on topic, productive and professional; and
- Ensuring that minutes are complete and accurate.

D. Reports of Committee Action



Corporate Governance Principles

Reports on each committee meeting are made to, and approved by, the full Board. However, absence of Board approval of a committee report does not render a committee's actions contained in such report invalid unless specifically disapproved or overruled by the full Board. In cases where all Board members have attended a committee meeting, the committee chair may dispense with providing a report at the Board meeting following the committee meeting. All directors are furnished with copies of minutes of each committee meeting.

VII. Evaluation and Performance Assessment

The Board and each committee conducts a self-evaluation on an annual basis. The self-assessment is a tool to help the Board gauge its progress in moving toward excellence in governance. The results are reported to the Board and are used to make improvements in the governance processes.

The above Corporate Governance Principles, initially approved by the Board of Directors on February 15, 2007, were amended most recently by action of the Board on April 8, 2020.



Director Position Description

Overview of Director Responsibilities

Each director is expected to serve the Federal Home Loan Bank of Des Moines (“Bank”) and the long-term interests of its stakeholders by providing oversight and strategic guidance to the Bank’s management in a manner that:

- advances the mission and activities of the Bank
- meets the highest ethical and fiduciary standards
- is knowledgeable and inquisitive about the issues facing the Bank
- applies good sense and sound judgment to help make wise decisions
- displays commitment through attendance at, preparation for and participation in meetings

Accountability

The director, as a member of the Bank’s Board of Directors (“Board”) and one or more of its committees, works with fellow directors to fulfill the specific duties of the Board and its committees contained in their respective charters. The director regards himself or herself as accountable to the Bank’s members as a whole, not to any particular group of members. The director serves the long-term interests of the Bank as a cooperative by ensuring that management appropriately addresses the concerns of its members and other stakeholders, including regulators, debt investors, trade groups, policymakers, employees, and the communities within the Bank’s district.

Integrity

The director possesses the highest personal and professional integrity. The director meets his or her fiduciary duties to act honestly and in good faith with a view to the best interests of the Bank and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The director complies with applicable policies of the Bank, including the Code of Ethics, Corporate Governance Principles, Disclosure Policy, Insider Trading Policy, Travel and Entertainment Policy, and Director Fee Policy. The director keeps confidential any material nonpublic information about the Bank that has not been disclosed to the public, does not use social media in any way that would result in unauthorized disclosure of Bank information or otherwise expose the Bank to reputational risk, and periodically deletes Board materials and other Bank information stored on his/her personal device as appropriate.

Independence

While the Board and management are collectively responsible for the overall management of the Bank, the director recognizes the differences between the duties and responsibilities of the Board and management. The director should strive to meet the applicable standards of independence, as established by the rules and regulations of the FHFA, SEC, and internal Bank policies. The director understands that effective corporate governance requires more than independence – it also requires understanding the interrelationship among the Bank’s activities and how they affect the prudential operation of the Bank and its ability to fulfill its mission. A director must also be familiar with the external environment and how factors outside the Bank may affect the operations of the institution. The director brings an inquiring mind and an objective perspective to the deliberations of the Board and its committees.

Involvement

The director continuously strives to deepen his or her knowledge of the business of the Bank and relevant trends in business and industry, both inside and outside of Board meeting time, where appropriate having direct links to stakeholders. The director recognizes that this is necessary in order to make a meaningful contribution at meetings. The director has an important role as an ambassador of the Bank, but should not speak on behalf of the Bank without appropriate authority.

Contribution

The director applies informed and seasoned judgment to each issue that arises and expresses opinions, asks substantive questions and makes recommendations that the director thinks are necessary or desirable. The director is prompt and prepared for meetings, and actively participates and remains engaged in Board and committee discussions. The director acts directly, not by proxy, either in person or sometimes by written resolution. Each director has an equal say with each of the other directors.

Commitment

The director prepares for and attends, where possible, all scheduled meetings of the Board and applicable committees. The director ensures he or she devotes sufficient time to carrying out the director's duties effectively. The director is able to access and utilize information provided to the Board electronically, is prompt for meetings, and remains engaged and actively participates during meetings. Education sessions are provided for the entire Board, but each director is also expected each year to participate in one or more continuing education programs related to director professionalism, board committee responsibilities, corporate governance, or similar topics.

Review and Approval

The Executive and Governance Committee of the Board shall annually review this Director Position Description and approve any changes as it deems appropriate.